

FAA'S TRAINING PROGRAMS FOR AIR TRAFFIC CONTROLLERS, SAFETY INSPECTORS, AND MAIN- TENANCE TECHNICIANS

(101-74)

HEARING

BEFORE THE
SUBCOMMITTEE ON
INVESTIGATIONS AND OVERSIGHT
OF THE
COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES
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- SECOND SESSION

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FAA's TRAINING PROGRAMS FOR AIR TRAFFIC CONTROLLERS, SAFETY INSPECTORS, AND MAINTENANCE TECHNICIANS

WEDNESDAY, JUNE 6, 1990

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, DC.

The subcommittee met, pursuant to call, at 10:30 a.m., in room 2167, Rayburn House Office Building, Hon. Glenn M. Anderson (chairman of the subcommittee) presiding.

Mr. ANDERSON. The meeting of the committee will come to order.

The focus of this morning's hearing is safety.

I think former Administrator McArtor said it best when he said: "Training is safety."

No matter how sophisticated the equipment is, no matter how stringent the regulations are, no matter how innovative management is, a safe and efficient Airspace System always boils down to motivated, highly trained people.

Today we will focus on the Federal Aviation Administration's training programs for air traffic controllers, safety inspectors, and maintenance technicians. The quality of the training system for the men and women who staff these positions is critical to the safety and the efficiency of our National Airspace System.

In recent years, FAA'S training programs have been examined and serious problems have been found. The Government Accounting Office, the National Transportation Safety Board, the Department of Transportation's Office of the Inspector General, the Congress and outside consultants have all expressed concern about the agency's training programs.

In 1988 the FAA, to its credit, took a good hard look at its training programs and drew the following conclusions:

"Beyond the NAS Plan requirements, training throughout the FAA is outmoded and in many cases inefficient."

"No one is clearly in charge of FAA training. The resulting lack of leadership has undermined the planning and implementation of training throughout the agency."

And finally, "—training with the FAA has been disjointed, with varying agendas and variable results. Furthermore—the problem is system-wide and cannot be fixed by tinkering with parts of the system."

I don't think it is an overstatement to say the training demands on FAA are greater than ever before.

Our purpose here is to examine the steps FAA has taken to revitalize an outmoded and inefficient training system, to handle not only today's burgeoning traffic demands, but to smoothly adapt to tomorrow's technology as well.

This morning, we will learn how the FAA formulates its training needs, and how the agency is proceeding with its plan to upgrade training on a systematic basis. We will also learn of some recently reported problems with contractor-provided training to developmental air traffic controllers, and of how FAA intends to improve the contract administration and oversight.

In closing, let me note that today we have nearly 3,000 fewer full-performance level controllers than we had 9 years ago, despite the fact that air traffic growth has exploded. Our aircraft are aging, which in turn places greater demands on our inspectors.

And the installation of new air traffic control equipment in the coming years requires a tremendous re-education effort of our technicians.

In short, we have many challenges to meet to ensure that the safest air transportation system in the world stays that way.

At this time, the Chair would like to recognize the gentleman from Ohio, the Ranking Republican Member, Bob McEwen.

Mr. McEWEN. Thank you very much, Mr. Chairman.

I would ask at this point in the record to insert the comments of the Ranking Member of the Full Committee, Mr. Hammerschmidt.

Then I have a couple of things I have to say as well.

Mr. ANDERSON. No objection, so ordered.

[The prepared statement of Mr. Hammerschmidt follows:]

OPENING STATEMENT OF HON. JOHN PAUL HAMMERSCHMIDT

Thank you, Mr. Chairman. Today's hearing focuses on the status of FAA's training of air traffic controllers, safety inspectors, maintenance technicians, and security work forces. These areas are all critical safety functions which require fully trained staff to adequately ensure safety. There are three main goals of this oversight hearing: (1) to determine how FAA identifies its training requirements; (2) to analyze the status of FAA's \$406 million "Flight Plan For Training" Program; and (3) to examine contractor-provided air traffic controller training.

The United States' airspace system is the busiest, but probably the safest aviation system in the world. That's not to say that all is perfect, however. Airline deregulation has resulted in phenomenal growth of aviation operations which has, in turn, placed a tremendous load on the whole system. Coupled with the dramatic rise in operations are accelerating technological changes, resulting in increasing complexity. These two factors have greatly stressed the current FAA training programs which were designed to meet operational needs in the pre-deregulation era.

A competent training program for FAA safety-related functions is an essential element in the modernization of the whole aviation system. Another element in that modernization is implementation of the National Airspace System [NAS] plan, which was created to achieve a significantly safer and more efficient system while constraining costs incurred by the Government and airspace users. The NAS plan has and will continue to require a substantial capital investment. The investment can only work, however, if there is a highly trained and motivated staff in place to operate the system properly.

Recognizing that need, FAA initiated a plan in November 1988 to revise its training programs. This plan, known as the "Flight Plan for Training," is under review due to the inability of many of the projects to meet scheduled deadlines. Our hearing will explore reasons for and possible solutions to the delays.

Today's hearing will also examine the role of contractor-provided air traffic controller training. From both efficiency and effectiveness standpoints, we need to examine and weigh the two options: Contractor training or in-house training. If the FAA is to continue its movement toward contractor-provided training, we need to satisfy ourselves that it is equipped to administer a contract program, and that the

training provided is the best in terms of cost and quality. This hearing should help address those concerns.

Mr. Chairman, I thank you for scheduling this important and timely hearing, and look forward to the testimony of today's witnesses.

Mr. McEWEN. I join you in welcoming the witnesses who will be appearing before the subcommittee today.

The subcommittee meets today to examine the FAA's training programs for its safety-related work force. While the primary focus of our hearing will be on the air traffic controller facilities maintenance and air carrier inspection work force, I understand that the FAA will also highlight security developments—an area of increased interest after the recent report of the President's commission.

The subcommittee is most interested in learning more about how the FAA develops and maintains the job skills of those whose daily hands-on attention to their duties is primarily responsible for the safety and efficient operation of the nation's Civil Aviation System.

In a very real sense, the controllers, technicians, inspectors and security personnel are the backbone of the Federal Aviation Administration.

More than 26,000 people comprise the skilled work force. Because of the importance of the work that those individuals do, it is essential that they be highly qualified and thoroughly trained and motivated. As the demands upon our aviation system continue to grow, and as modern, up-to-date technology is brought on line through the National Airspace System [NAS] Plan, it is imperative that the FAA attract and retain the types of people needed to do the job well.

Adequate training is essential in seeing that these critical, safety-related job responsibilities are capably carried out.

FAA has a plan for conducting its training programs which I understand is currently under refinement and revision, in part because of problems in meeting original schedules. I know that we will hear more about that today.

We will also be examining the agency's efforts at contracting out much of its training in the air traffic control area. We want to assure ourselves and the American people that the tax dollars are being wisely expended and the safety of the Air Traffic Control System is not being compromised because of fiscal restraints or budgetary pressures.

If contracting is the wave of the future, we want to be sure it is done responsibly.

Mr. Chairman, I thank you for scheduling this important hearing, and look forward to a productive day's session.

Mr. ANDERSON. Any further opening statements?

If not, we will recognize our first witness.

Our first witness today will be Mr. Kenneth Mead, the Associate Director, Resources, Community and Economic Development Division of the United States General Accounting Office.

He is accompanied by Mr. Robert Shideler, Mr. Joseph Kredatus, Mr. Brian McCauley.

Would you please rise and raise your right hands, please? [Witnesses sworn.]

Thank you very much. Mr. Mead, you may begin?

TESTIMONY OF KENNETH MEAD, DIRECTOR, TRANSPORTATION ISSUES, RESOURCES, COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY ROBERT SHIDELER, ASSISTANT DIRECTOR, JOSEPH KREDATUS, SENIOR EVALUATOR, AND BRIAN McCAULEY, SENIOR EVALUATOR

Mr. MEAD. Thank you.

On my right is Bob Shideler, Assistant Director, who oversees our work in the work force area. Joe Kredatus on his right, Senior Evaluator. On my immediate left, Brian McCauley, Senior Evaluator.

They have been staying on top of our work in the training area. We appreciate the opportunity to testify today on the training of FAA safety-related work forces.

I would like to abbreviate my statement, if I might, and have the full statement inserted for the record, Mr. Chairman.

Our overall observations today are as follows: FAA's training needs are probably greater today than at any time in the agency's history.

FAA also has one of the largest training programs of any agency in government, except the military departments. The reasons for the extraordinary challenges that face FAA today in training are the large numbers of new staff, the modernization of the air traffic system, and new requirements for safety inspection.

FAA's Flight Plan for training, a \$406 million, six-year, training modernization program has made little progress. The plan has received limited funding. Though only in its second year, it is being significantly revised already.

FAA internal appraisals and DOT Inspector General audits found scarce training dollars were wasted because FAA did not evaluate training promptly or specifications for contract performance were inadequate.

FAA has not established clear accountability for class attendance. This agency cannot afford to have large numbers of no shows at its training classes.

I would like to set the stage this morning by explaining why we think FAA has such extraordinary training needs. FAA's centralized training budget was \$133 million in fiscal year 1989. That is not their entire training budget, though. That is just the centralized training budget. That was for training of about 28,000 employees, including controllers, technicians and the inspectors, among others.

Now, each of FAA's work forces face major changes that will further heighten the need for training. More than 5,000 new controllers are being trained. The entire 17,000 member controller work force, the experienced as well as the brand new controllers, will have to be trained to operate new systems which will be coming on line as part of the modernization effort.

Look at the inspectors for a moment. They are faced with applying new inspection methods for assessing aging aircraft, a significant challenge. About 50 percent of the fleet is now 15 years old or older. Inspectors also must verify and inspect new aircraft that are being introduced into the fleet. All this is in addition to FAA's

need to provide initial training to a large number of new inspectors.

FAA's maintenance technician work force faces similar needs. FAA plans to hire about 2,900 technicians through fiscal year 1993. These new hires as well as FAA's existing work force of about 8,700 require training on how to maintain the new systems that are coming on line through modernization.

I think it is appropriate to note that FAA's training programs have another dimension that in some way distinguishes them from other agencies, and that dimension, of course, is safety. Deficiencies in training can be life threatening.

The National Transportation Safety Board has documented several instances, where in their judgment, linkages between training deficiencies and accidents have occurred.

Fight Plan for Training (Flight Plan). In 1988, FAA recognized that it needed a long-term plan for all its work forces to meet its hiring and training needs. FAA developed an agency-wide six year, \$406 million Flight Plan for Training. It encompasses a wide range of projects—new training curricula, recruiting and training applicants better, and establishing better ties with academia and the industry.

The Flight Plan progress has been slow. Thirty-one of the 47 projects are behind schedule, some by as much as a year. These delays are affecting FAA's ability to meet certain staffing goals like those for getting experienced controllers. The shortfall will occur in part because delays in making increased use of simulation for controller training necessitates the heavy reliance on lengthy and costly on-the-job training.

The Flight Plan is off track for several reasons. Shortcomings in planning and budgeting and in contract oversight and contract specifications are major reasons for the slippage.

Some flight plan projects were poorly planned to begin with and may not be needed. For example, a planned \$169 million project that would establish several regional radar training facilities for the controllers was not started because FAA did not fully consider the project's high cost. There wasn't an entire consensus within FAA that it was needed in the first place. FAA is now exploring alternatives to meet its need at lower cost as part of its effort to re-evaluate all projects and revise the Flight Plan. My prepared statement states that FAA plans at the end of June to revise the Flight Plan. We have been advised that it has slipped probably to September.

FAA also did not have contingency plans to respond to alternative funding levels. For example, the milestones for FAA's Flight Plan were developed in anticipation that the plan would receive its entire 1989 funding requirement of about \$20 million. About \$6 million was made available. FAA had to determine how to target the limited amount of money because it did not have the priorities in place for allocating the dollars.

In some cases the Flight Plan is experiencing schedule delays due to contractor performance. During the initial phase of one project, for example, a screening project for controllers to try to reduce from the roughly eight weeks it takes a controller to get screened at the academy to about one week. This is an important

project because FAA's current screening process is very costly. This contract was to develop a proposal for screening the controllers more expeditiously. This project is a year behind schedule because FAA did not determine that the contractor's methodology was illogical until after the study had been completed. FAA spent about \$650,000 on this study and much of it will have to be redone.

Lets now talk about contractor-provided air traffic field training. Inadequate contract performance extends beyond the Flight Plan projects. We reported last year that air traffic field managers were concerned about the quality of their contractor provided training, and that contract instructors were not familiar with current procedures and equipment. Some controllers were trained to use air traffic procedures that were outdated and received poor instruction.

Two other studies were done subsequent to our report. In one, FAA itself found that contract administration was inadequate to ensure that the field training was standardized or that contractor claims were verified.

In another, the Inspector General found that contract specifications were inadequate and instructors lacked relevant or recent controller experience at the Chicago O'Hare Airport Terminal. Some instructors there had never controlled traffic at a large facility like O'Hare. Of the three instructors with O'Hare experience, the most recent experience dated back to 1973. During the first 10 months of the contract the contractor instructed only one of 28 classes, and FAA certified only one of 10 contract instructors as qualified. In this instance, FAA incurred about \$600,000 in contract costs while training the instructors themselves and basically still providing its own training to the controllers.

FAA is coming to grips with its contract deficiencies in this area. I think you will hear about their planned actions later today. I should note, though, that the contracts all have options in them to expand contract training to other terminal facilities like the New York terminal radar approach control facility. Those options have not yet been exercised.

I would like to turn now to the lack of accountability for training resources. According to an FAA internal appraisal, the agency has no policy for holding managers accountable for the use of training slots. Confusion exists about where the responsibility lies for ensuring training. During fiscal year 1989 roughly 3,500 fully funded training slots were not filled. Also, the FAA Academy canceled 54 classes due to insufficient enrollments. Those classes could have accommodated 850 students. When asked who is accountable for ensuring that the training slots were used, training providers thought it was the responsibility of the Air Traffic, Flight Standards or Airway Facilities organizations. Meanwhile, those organizations thought it was the regions' role. The regions thought that accountability fell to the field office managers.

I want to stress the importance of filling those seats. In fiscal year 1989, FAA hired 300 inspectors to meet its staffing goals, but it didn't have either the instructors or space to train them. New inspectors had to wait until they could be slotted for training. Of those scheduled for training, there were 41 no-shows and FAA had to cancel two classes because of low enrollments.

Even if all training slots were to be effectively used, Mr. Chairman, FAA does not have the capability to adequately meet its training needs. For example, the demand for training the newly hired maintenance technicians will outstrip the Academy's capacity in fiscal years 1991 and 1992 when plans call for hiring 900 and 800 new technicians, respectively. The Academy can, in fact, accommodate only 640 new hires each year.

Another problem is FAA's inability to account for training funds. FAA could not tell us the total funds it required and used for training its work forces. Only centrally provided training is identified separately in FAA's budget request. Training provided by the regions, by contractors at air traffic facilities, or as part of the National Airspace System Plan projects, is not identified separately in the budget. To illustrate, one NAS Plan project included costs of, roughly, \$4.2 million for a contractor to develop and provide initial training.

In conclusion, Mr. Chairman, FAA must recognize that even though its training program must grow, the funds are not unlimited. They need to be prudently spent.

To address the concerns we have gone through in our statement today, we are recommending that the Secretary of Transportation direct the Administrator of FAA to develop criteria for determining priorities for its training modernization program, the Flight Plan. Secondly, that it develop standards for controller field training contracts with measurable tasks and milestones. And finally, clearly designate management accountability for ensuring the use of training slots.

In view of the extraordinary training needs that FAA faces as well as the links between deficiencies in training and safety-related work force problems, FAA management must begin to resolve these problems now. The delay will only increase the potential for safety-related problems to occur.

That concludes our statement, Mr. Chairman.

Mr. ANDERSON. Thank you, Mr. Mead.

Mr. Mead, you have previously appeared before the Congress several times to address numerous work force issues, including training.

Would you briefly summarize your work on training and its relationship to today's testimony?

Mr. MEAD. Actually, Mr. Chairman, we have been involved in overseeing FAA training since 1987. The first report we issued dealt with the recruitment, hiring, and initial training of safety-related personnel. That was one that identified that it takes 100 applicants to get one full performance level or one successful controller. It was also one that identified that it took, roughly, a year to get to the FAA Academy to make the hire decision.

Mr. ANDERSON. What corrective actions has the FAA taken on the recommendations contained in your previous reports?

Mr. Shideler?

Mr. SHIDELER. Mr. Chairman, I will try to respond to that.

We made several recommendations in the report Mr. Mead just referred to in the recruitment, hiring, and initial training of safety-related personnel.

One recommendation was that FAA develop a national recruitment strategy, targeted to individuals most likely to have the highest potential to be controllers.

Mr. ANDERSON. Pull the mike closer to you there.

Mr. SHIDELER. We also recommended FAA place academy graduates at field facilities according to their performance during the academy program.

What FAA has done so far is that it has placed full-time recruiters in each of its regions. But what is still going on, to my understanding is they have not fully implemented a national program.

Placing some trainees still tends to be oriented on a regional basis as opposed to focused nationally. We made other recommendations, too, in other reports that had to do with field training. One of those had to do with evaluating contractor performance. FAA has done that.

They did make a study of their contractor-provided training at air route traffic control centers. That has been completed, and FAA made a number of recommendations, particularly relating to contract administration.

Mr. MEAD. I would say overall, Mr. Chairman, that FAA tends to agree with the vast majority of our recommendations. The problem seems to arise when it comes to implementing them.

Mr. ANDERSON. You kind of answered my next question. I will ask it again.

In your view, Mr. Mead, how important is training in the FAA? Has it been given the attention it deserves?

Mr. MEAD. Training is very vital. In fact, that is why in the statement we spent some time trying to illustrate and give an exposition of the very critical challenges facing FAA at this point in its history.

In terms of the priority, FAA has a lot of initiatives going on in the training area. Training does seem to be the area that gives way when it is budget time.

In fact, there was reprogramming of funds for the Flight Plan for Training just this past year in order to accommodate, I think, a pay raise.

Mr. ANDERSON. I have several questions also regarding your recommendations today.

First, what are your thoughts about the criteria that the FAA should use to prioritize its projects under the Flight Plan?

Mr. MEAD. Well, I think that they should, by project, consider what the cost and benefits are, how they relate to the mission, and safety considerations.

Let me give you a couple of specifics on how we might consider going about that. We have issued a report in the inspector training area about how flight inspectors—they are the people that check out the airplanes and the crews and so forth—need to get flight experience. We found that over 50 percent of the requirements were going unfilled. A lot of people weren't getting the training they need. On the other hand, we found a lot of people were getting the training, but they didn't need it because they weren't responsible for doing flight checks.

Another area that FAA could consider is in the controller screening process. That is very, very costly with the washout rates being what they are. I would give that a very high priority.

Mr. ANDERSON. Secondly, assuming that FAA develops performance standards for controller field training contracts with measurable tasks and milestones, do you think there are other areas of contract administration where performance and standards are needed?

Mr. MEAD. Certainly. The bulk of the Flight Plan for Training contemplates the letting and use of contracts that have not yet been let. I think our experience with some of the contracts that have already been let under the Flight Plan for Training, and certainly the experience with the field training for air traffic controllers, sounds a warning alarm that there will be a need for FAA to scrutinize the performance standards in each of those contracts.

Mr. ANDERSON. Third, what are your views on how the FAA management clearly designate accountability for the use of training slots? Are you suggesting another management reorganization or are there other alternatives?

Mr. MEAD. I don't want to dictate to FAA how they should organize. It is difficult to keep track of the reorganizations, the realignments at FAA. But in the specific example we used in the testimony of the training slots and accountability for them, what FAA needs to do is to establish a policy. There is no policy now, there is no assignment of responsibility, and there is no follow-up to keep track of those things.

So whether they want to put that responsibility in with the air traffic and safety inspector organizations, that would be fine with us. But it has got to be placed somewhere.

I also might observe that there is a disconnect in FAA in its current organizational set up. The people who set policies for training are organizationally separate from the people who are responsible for delivering the training and developing the curricula.

Mr. ANDERSON. What is the impact of the FAA's not knowing the total amount of funds it spends for training its work forces?

Mr. MEAD. It would be hard for me to decide on what my priorities would be if I didn't know how much money I had. In a broader sense, how do you manage a program and have a single point of accountability if you don't know how much money you are responsible for controlling?

Mr. ANDERSON. Your testimony states that the Flight Plan is to be revised by the end of this month. How firm is this timetable?

Do you have any estimates of what revised costs will be?

Mr. MEAD. We have a couple of charts we would like to put up to deal with that. That timetable that is in my testimony is very unfirm. It looks like it is now September. I am sure FAA can amplify on that.

Mr. McCAULEY. If I might add, Mr. Chairman, and mention a few things regarding the original Flight Plan that we have depicted in the one chart and the revised Flight Plan that we have as of May 4 of this year.

As Mr. Mead mentioned, this Flight Plan is undergoing revision almost on a daily basis as FAA proceeds through the process of getting concurrence within different parts of the organization as to

what is needed and to what extent it is needed and the cost of these various projects.

The chart on the original Flight Plan shows an overall cost of \$406 million for the 47 projects in the eight major areas that we have depicted there.

Within each of those eight areas there are a number of projects. For example, air traffic control screening, is made up of just one project. Other areas such as improved training curricula, has 14 projects. The revised Flight Plan shown on the other chart, when you look at the bottom line numbers, does not appear to be very different than the original Flight Plan.

The revision shows that the overall cost of the plan is \$383 million for 49 projects. That is a little deceptive in that within the eight major areas there are wide swings in terms of numbers of projects and the costs of these projects. This is an indicator to us that there is a lot of reevaluating going on in terms of the projects, which raises questions about the initial planning of the Flight Plan.

The three areas where the swings appear to be the largest are the bottom three areas in the revised plan which are curricula redesign, showing 15 projects at a cost of \$162 million versus the original estimate of 14 projects for \$234 million.

Another area just below that, the FAA Academy, there is in the revision, four projects at a cost of \$131 million versus the original plan of eight projects for \$78 million. The projects have gone down, but the cost has gone up.

[Mr. McCauley's flight plan charts follow:]

GAO Original Flight Plan for Training Projects As of January 11, 1989

(Dollars in Millions)

Major Area	Projects	
	Number	Costs
Office of Training and Higher Education	3	\$ 13
Recruitment	3	24
Academic and Industrial Ties	4	16
Air Traffic Control Screening	1	8
On-the-Job Training	6	30
Improve Training Curricula	14	234
FAA Academy	8	78
Center for Management Development	8	3
Totals	47	\$406

GAO Revised Flight Plan for Training Projects As of May 4, 1990

<u>(Dollars in Millions)</u>		
Major Area	Projects	
	Number	Costs
Office of Training and Higher Education	3	\$ 9
Recruitment	3	10
Academic and Industrial Ties	3	28
Air Traffic Control Selection ^a	1	3
On-the-Job Training	6	14
Curricula Redesign ^b	15	162
FAA Academy	4	131
Management Development Strategic Plan ^c	14	26
Totals	49	\$383

^aFormerly Air Traffic Control Screening

^bFormerly Improve Training Curricula

^cFormerly Center for Management Development

Mr. MEAD. I think an important point here is the relationship between the budget and the substance of this plan. There is no question that the budget needs for FAA in training are going to be pretty steep, especially over a good part of the remainder of this decade.

But we are talking about half a billion bucks here. I think that there could be some legitimate questions asked about how ready FAA is with the package that it is going to spend the half a billion dollars on.

That is what FAA is trying to work on now and presumably what they are going to be delivering in September.

Mr. ANDERSON. Can you provide an estimate of the extent of contract support in the Flight Plan?

Mr. MEAD. It is extraordinary. It is roughly 40 of the 47 projects in the plan would involve contract funds. What that translates to in terms of dollars is about 54 percent of the costs would be contract related cost.

Mr. ANDERSON. Mr. McEwen?

Mr. McEWEN. Thank you, Mr. Chairman.

You have reviewed the contracting by other agencies at one time or another.

How does the contacting out operation at FAA compare to how other departments are doing it, in your mind? Is it good as, worse than, about the same?

Mr. MEAD. I am not an authority on contracting government-wide. But we have for this committee in the past looked at some of the experiences at the Defense Department and compared them to FAA in the modernization area. I think FAA contracting is fairly new. I mean it is a phenomena of almost this decade of its involvement in contracting. I don't think it has quite as much experience as some agencies. But I am not an authority on contacting government-wide.

Mr. McEWEN. I understand all that.

Mr. MEAD. So I don't know.

Mr. McEWEN. Nobody does?

Mr. SHIDELER. Not on a comparative basis, no, sir.

Mr. ANDERSON. All right.

Mr. McEWEN. It has been a matter of concern generally that retired FAA annuitants are able to capitalize on the FAA's determination to contract out many of its functions.

Is there a need to be especially vigilant where contracts are awarded to these on a non-competitive bid basis to former employees, from your report do you think?

Mr. MEAD. Yes, although the problems that we are finding aren't necessarily linked to a revolving door, if that is what you are getting at. It is more linked to performance specifications.

For example, in the air traffic field training contract, it wasn't clear what was expected of the contractor in terms of oversight. This is expected in connection with any contract whether it was with a former FAA employee or not, sir.

Mr. McEWEN. You didn't do any background work on who they were contracting with? Just the non-performance of the contract?

Mr. MEAD. That is correct.

Mr. McEWEN. How is the management function handled? Is there one deputy administrator that oversees training? Who is accountable for empty classes and no-shows?

Mr. MEAD. Nobody. We couldn't tell who. Apparently FAA couldn't determine who was responsible either, because they did a study of this. They concluded that people in different organizations were pointing fingers at each other saying, "you must be accountable."

The problem goes deeper than just the training slot issue. It transcends much of the program. I would ask Mr. McCauley to amplify on that.

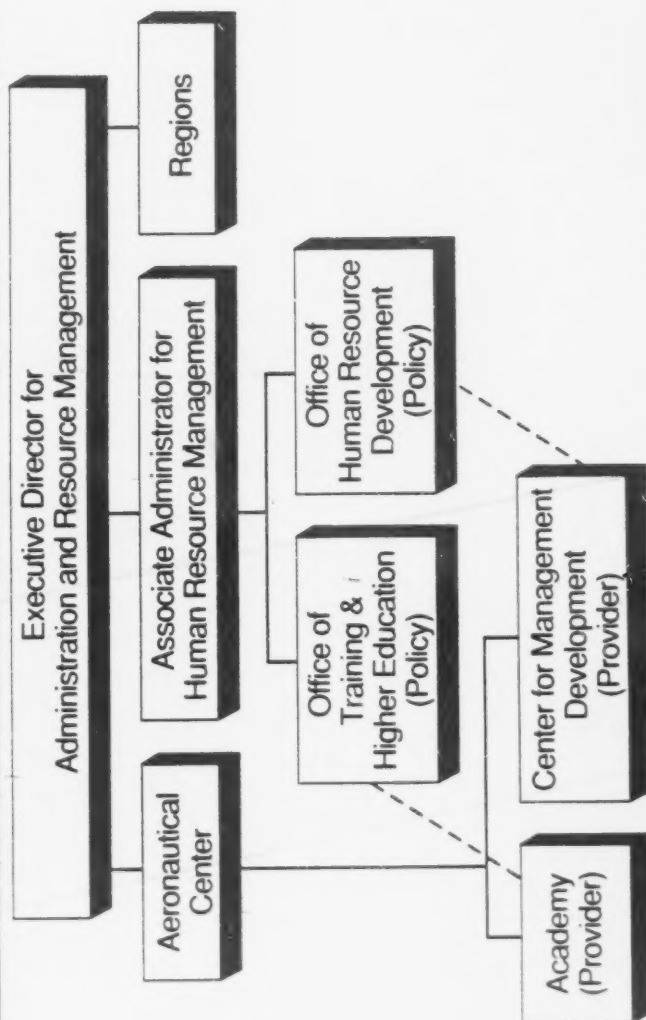
Mr. McCAULEY. We have another chart, if we could get it up, that depicts the current organizational alignment of FAA for centrally-provided training and policy development.

If I could walk you through the chart. It shows the Aeronautical Center Director and the Associate Administrator for Human Resource Management reporting to the Executive Director for Administration and Resource Management.

Continuing down from the Aeronautical Center, you have the Academy and Center for Management Development, that are the primary providers of centralized training, reporting directly to the Director of the Aeronautical Center.

[Mr. McCauley's line of authority chart follows:]

GAO Lines of Authority for Centrally-Provided Training and Policy Development^a



^aChart does not show Service Organizations that oversee training provided at field facilities, nor the Office of the Executive Director for Systems Development that oversees training included as part of the National Airspace System Plan projects.

Mr. McEWEN. Excuse me.

Does the Aeronautical Center Director sign the contract? Does he sign the contract with the providers?

Mr. McCAULEY. Sign a contract with the providers?

Mr. McEWEN. Who signs the contract?

Mr. McCAULEY. I am talking about FAA providers.

Mr. McEWEN. But the people running the Center for Management Development, those are private contractors; right?

Mr. McCAULEY. FAA employ contractors to help them with that operation, yes. But there are 11 FAA employees at the Center for Management Development who operate that particular facility.

The Academy and Center for Management Development report to the Aeronautical Center Director. However, these two facilities get their policy guidance from the two offices to which you see the dotted lines drawn. The Office of Training and Higher Education provides policy guidance to the Academy.

The Office for Human Resource Development provides policy guidance to the Center for Management Development. These two offices report to the Associated Administrator for Human Resource Management.

Mr. McEWEN. That is great. You have one person telling them how to do it. Then they report to somebody else as to how they did it?

Mr. McCAULEY. That is correct.

Mr. MEAD. The air traffic field training contract that we spoke about in the testimony, for example, Chicago O'Hare, well, that one is not run by the Academy. The Academy doesn't have much relationship to that at all. Nor does FAA's Office of Training. That is handled by a separate office. The air traffic organization itself handles that one.

Mr. McCAULEY. That is what the footnote to the chart indicates.

Mr. McEWEN. How did they get a special place off the chart?

Mr. McCAULEY. Excuse me?

Mr. McEWEN. How did they become an asterisk?

Mr. McCAULEY. Because that is not part of centralized training. That is a point we are trying to make in the statement.

Mr. McEWEN. Who decided to do that?

Mr. MEAD. We don't have any idea.

Mr. McEWEN. Now, this was a minority contract; right?

Mr. MEAD. Yes.

Mr. McEWEN. Which means they were not part of the 17 percent that are white males. Eighty-three percent are the minority, which means female, Hispanic, Eskimo, black.

Which one of the vast majority that we call minorities in America were they?

Mr. MEAD. I think this one was Hispanic. It was self-marketed.

Mr. McEWEN. Self-marketed. With its own asterisk off the chart for reporting? Maybe they didn't understand it would be just as easy to get away with anything with this chart just as much as if you are off the chart. But nonetheless.

Did you do any research on the automatic weather contracts that FAA has put out for automatic weather stations?

Mr. MEAD. No.

Mr. McEWEN. Thank you.

Mr. ANDERSON. Mr. Borski?

Mr. BORSKI. Thank you, Mr. Chairman.

Mr. Mead, what did FAA hope to accomplish by contracting out training in the first place?

Mr. MEAD. Because there are so many developmental controllers at air traffic facilities, the idea was to free-up the experienced controllers so they could control traffic rather than spending time on simulators and in teaching people in the classroom.

Mr. BORSKI. Is that still valid today?

Mr. MEAD. I am afraid that it is.

As you know, you authorized the pay demonstration project at a number of FAA facilities. That project is achieving some success in some places. You have to ask yourselves if the pay demonstration project is working, and we are getting more full performance level controllers at these facilities, do we still need to have this contract training there.

Mr. BORSKI. Mr. Mead, could you tell me how FAA facility managers feel about the training?

Mr. MEAD. Yes, sir.

During one of our reviews we surveyed the controller work force. I think we testified before you on it once before. Over half the facility managers weren't enamored with it. They told us that the contracts should lapse.

Mr. BORSKI. Did they prefer the previous system?

Mr. MEAD. Yes, where they would do it themselves.

Mr. BORSKI. Do you know how the work force itself feels about it?

Mr. MEAD. Pretty much the same way.

Mr. KREDATUS. Mr. Borski, the controllers, as you made an observation just a second ago, had always done that training. They feel that they would like to get back into that function.

I might add that it depends very strongly about the staffing levels at a particular facility. Where you are close to full staffing, you have more of a tendency to want to divert and get controllers back into training.

The more you feel you are short of controllers at a facility, the more help you need to get these particular individuals back on the boards working air traffic and out of the staff function of classroom training.

Mr. BORSKI. Mr. Mead, aren't you telling us that what is happening is the existing work force is basically training these folks anyway?

Mr. MEAD. Well, at the Chicago O'Hare facility, that certainly was the case. At the other facilities there have not been reports of this happening.

Mr. McCAULEY. That is correct, there are not reports of this happening. That is not something we looked at ourselves.

Mr. BORSKI. It could be happening?

Mr. McCAULEY. It could be happening. That is correct.

Mr. MEAD. We are nervous about that. The IG had to go out and do a detailed review at Chicago O'Hare to come up with these findings. I do not know if there are other Chicago O'Hares. But certainly the views of the controllers and the facility managers are somewhat disturbing.

Mr. McCAULEY. I might add, Mr. Borski, that we met with the DOT IG folks and asked them what their intentions were as far as additional work in this area. While their plans are still in the formative stage, they did indicate that they plan to do additional work in the contract training area. So there must be some concern there.

Mr. BORSKI. Mr. Mead, is it unusual for GAO to make recommendations in its testimony?

Mr. MEAD. Yes, it is. If the question is why did we choose to do that, we did it here because we think we are at a particularly important juncture. And rather than waiting and putting it in a GAO report months down the road, we believed that the significance of our findings warranted recommendations at this time.

We feel enough studies have been done and that we need to move on. We will be following up on the status of the corrective actions that FAA has taken, and we will be meeting with the IG to make sure that we don't overlap and that we have some kind of effective allocation of coverage.

Mr. BORSKI. I could assume that you will keep our committee apprised as you move forward?

Mr. MEAD. Pardon me?

Mr. BORSKI. You will keep our committee informed?

Mr. MEAD. Absolutely, sir.

Mr. BORSKI. I have one final question, if I may, Mr. Chairman.

You talked, I think, in response to the question from the Chairman about the training and the budget and budgetary problems. Where does the money come from for this? Is this trust fund dollars?

Mr. MEAD. Okay. The \$133 million that was used for central training came from the operations and maintenance part of the FAA budget. Part of operations and maintenance, a fairly modest portion, is covered by the trust fund. The remainder of O&M is covered by general revenues. I think you are familiar with the background of the trust fund and the penalty and so forth.

I also pointed out that there are training dollars being spent on the NAS Plan contracts that aren't covered in the training budget per se. Those are covered, it is my understanding, by the F&E account, facilities and equipment, which is 100 percent financed by the trust fund.

Mr. BORSKI. I guess just a brief followup.

There is money in the trust fund?

Mr. MEAD. Yes.

Mr. BORSKI. To accommodate what needs to be done, I take it?

Mr. MEAD. Yes.

Mr. BORSKI. That is not to be spent. Is there a good reason that money that is available would not be used for purposes that it is needed for, in your view?

Mr. MEAD. No, only what constraints the Administration and the Congress feel are appropriate in view of the deficit. But the money is clearly there.

Mr. BORSKI. Thank you, sir.

Thank you, Mr. Chairman.

Mr. ANDERSON. Mr. Inhofe?

Mr. INHOFE. Thank you, Mr. Chairman.

I want to follow up on something that Mr. Borski started. I wasn't here during your testimony, but I have had a chance to review the written testimony, so I assume you somewhat followed that text.

Maybe you covered this point. Apparently there was \$169 million project for regional radar training centers that was abandoned because the cost came in more expensive than they thought it would? Is that what happened?

Mr. MEAD. Among other reasons.

Mr. McCAULEY. Mr. Inhofe, that was the major reason. Another reason was that there was not total agreement within the agency whether that was the best way to go to improve simulator training.

Mr. MEAD. I don't think we described in our testimony what this project was.

Mr. INHOFE. No, you didn't. You just described it or characterized it as a regional radar training centers project.

I would like to know—the obvious reason I am asking this is, one, when it was discovered that it was \$169 million, how much more was that than they originally thought it would be? Why did it end up that much?

Number two, was any money expended on this project before such time?

Number three, obviously the project was necessary in the estimation of the FAA. Since it was discontinued, what is in its place?

Mr. McCAULEY. To take your last question first, the project was needed and has been replaced within the revision to the Flight Plan that FAA is now working on, by an alternative method to achieve the same objective.

The alternative that is being considered is an upgrade of existing simulator equipment within the 20 en route centers in the United States. That is a project that is estimated to cost \$47 million, if I am not mistaken.

There was no money spent on the original \$169 million project, fortunately. However, roughly half of that project's cost was for bricks and mortar. It was actually for building new facilities and then introducing the simulator training within those facilities, bringing controllers from their home facilities across the country to these regional training centers, training them there, and then sending them back to their own facilities.

Mr. INHOFE. All right.

Let me just make a comment before I ask the next question because I always like to compliment the controllers. I probably, more than any other Member of Congress, I am under the control of the handlers more than anybody else is.

In the last two weeks I was doing eight and a half hours. I just hold them in very high regard. I don't want to make it sound like I am critical.

In your testimony you mentioned that the NTSB linked the loss of lives in the two mid-air collisions, I believe, Missouri and Florida, in 1987 with deficiency in training.

First of all, is that correct?

Mr. McCAULEY. Yes, that is correct, Mr. Inhofe.

Mr. INHOFE. Have you looked to see how the training could be improved to have prevented these two specific accidents?

Mr. McCAULEY. It is ironic that you are asking this question following your preceding question because they are related.

The specific problem that NTSB had with controller training was the radar simulator training. Specifically, the current training on radar simulators FAA provides is not realistic. The project that we just described is designed to change the way FAA provides radar simulator training.

Mr. INHOFE. Do you think that improvement could have prevented these two accidents from occurring?

Mr. McCAULEY. That would be a supposition on my part. However, it appears the Safety Board felt that way, yes.

Mr. INHOFE. I see. Thank you.

Mr. McCAULEY. You are welcome.

Mr. ANDERSON. Mr. Boehlert?

Mr. BOEHLERT. Thank you, Mr. Chairman.

Mr. Mead, I have seen a lot of reports over the years from GAO, but I have never seen one as devastating as this one and as candid.

First of all, as you have observed that it is not the issue to make recommendations. You have, and I appreciate that and I commend you for it.

If we were giving a report card, you would get an "A", but FAA would get an "F", unfortunately. This is serious business we are talking about.

I would like to know are they doing anything right?

Mr. MEAD. They are. Let's take the "F", you gave FAA for a minute. FAA has done something that in our view is very important here. They have begun to look at themselves. Some of our findings are, in fact, consistent with FAA's own judgments about itself. Not every agency is that forthcoming in internal criticism.

I think FAA on its Flight Plan for Training, and a number of other initiatives started, starts an initiative and announces to the world what the initiative is. This sounds grand and the initiatives have milestones attached to them and FAA establishes expectations for the aviation community and others.

But it is after the initiative has been announced that FAA begins to flesh out exactly what is going to be involved. Then the next thing we find are extraordinary milestone slippage and cost considerations changing. Then there is the budget problem.

Mr. BOEHLERT. It seems they have been totally inadequate in their planning and unrealistic in the objective they state for themselves. That is the real world. They have been talking about budgeting for \$20 million when they are only going to get \$6 million.

I know they can never predict what we are going to do up here because we are often confusing as we are confused. It seems to me from this report I would label this a devastating report. I think you have performed a very valuable public service.

But when you read about inadequate planning, lack of project priorities, unrealistic budgeting, I am looking for some pluses. Is there a pony there someplace?

This is very, very disappointing for this person, and I would think for the entire committee. This is serious business we are talking about, public safety, and all over it seems to me they are getting less than good grades for their performance.

Mr. MEAD. Yes, they are. I think the training area is different from a lot of other areas. Training creeps up on you. The impact of training deficiencies is incipient. It's not like an airliner crash that happens all of a sudden. It's not something you can touch when it comes to a training deficiency, whereas with controller shortages, I can point to you and say look, this facility doesn't have enough experienced controllers and touch it. But training is more difficult. That is why I think you hear in our testimony a certain note of alarm, and I think you will hear more on this when FAA testifies.

Mr. BOEHLERT. I heard that note of alarm loud and clear, and I am paying attention to it. And once again, let me commend you for it. But I think they are like an ostrich-like mentality over there.

We had a separate hearing one day talking about the need for inspectors and technicians and controllers, and I know they need all these people, and they have to be skilled people.

We want the very best in these very sensitive jobs, but it's sort of throwing their hands up in the air and saying, where are we going to find these people? And then when we find them, it's going to take us an inordinate amount of time to train them.

And I suggested, for example, and I didn't think it was anything novel, did you ever consider the fact that we have got peace breaking out all over the world?

One aspect of the peace dividend, 95 percent of the American people are ecstatic about what is happening, but there are five percent not very happy because they are going to lose their job.

They are going to take off their uniform in the military. They are going to lose their job in the defense industry because defense contracting will be down, as it should be.

But what I suggested was, here's a great pool of talent. Why don't you just go look at these people to get them into your programs? Maybe they wouldn't require as much training as some of the other people you are considering because they have already got lot of training.

And quite frankly the response I got was, it was sort of a muffled yawn. It bothers me.

Just let me say you are going to be hearing a lot more from me on your report. I just want to thank you, some of the very pertinent questions have already been asked, but what you have to say here today is critically important, and I commend you for what you have done. Thank you.

Mr. MEAD. Thank you, sir.

Mr. ANDERSON. Any further questions for the General Accounting Office? If not, then I, too, want to thank you and congratulate you and tell you what you are doing is very good and keep it up because we need what you are doing here today.

Mr. MEAD. Thank you, Mr. Chairman.

[Mr. Mead's statement appears on page 72.]

Mr. ANDERSON. Our next witness is Mr. Raymond J. DeCarli, Acting Deputy Inspector General, Office of the Secretary, U.S. Department of Transportation.

He will be accompanied by Mr. Wilbur L. Daniels, the Director of the Office of Aviation, Marine, and Research Programs of the Department of Transportation.

And please, before you sit down, we will have you stand up. Would you please raise your right hands, and do you solemnly swear that the testimony you will give before the subcommittee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. DeCARLI. I do.

Mr. ANDERSON. Mr. DeCarli, you may begin.

TESTIMONY OF RAYMOND J. DeCARLI, ACTING DEPUTY INSPECTOR GENERAL, OFFICE OF THE SECRETARY, U.S. DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY WILBUR L. DANIELS, DIRECTOR, OFFICE OF AVIATION, MARINE, AND RESEARCH PROGRAMS, U.S. DEPARTMENT OF TRANSPORTATION

Mr. DeCARLI. Mr. Chairman. I will use an abbreviated statement this morning.

Mr. Chairman and Members of the Subcommittee on Investigations and Oversight, I appreciate the opportunity to be here today at your hearing on the Federal Aviation Administration's training programs for air traffic controllers, safety inspectors, and maintenance technicians.

With me is Mr. Wilbur Daniels. He is the Director for the Office of Aviation, Marine, and Research Programs.

As requested in your May 24th letter, my testimony this morning is going to focus on an audit report concerning contracting for air traffic controller training at Chicago O'Hare International Airport.

This report was issued in March of 1990, and before going into the audit results, I would like to provide some background on the FAA training contract and why we performed this audit.

First of all, in Fiscal Year 1986, FAA decided to contract for training functions at 22 of the air traffic control centers. FAA's strategy was to eliminate Government positions that were being used for training and to reallocate those vacancies to air traffic controller positions.

Consistent with that decision, in April of 1986, FAA issued a cost-plus-fixed-fee contract for training to the Small Business Administration, and in turn, SBA subcontracted with the Systems Requirements and Services Associates, Incorporated, which I will refer to as SRSA.

In October 1988, FAA modified that contract to provide air traffic controller terminal field facility training at Chicago O'Hare International Airport. It was basically done for the same reason. FAA needed additional air traffic controllers at O'Hare and felt that contracting for training would allow them to increase the number of full performance level controllers at that facility.

In the Spring of 1989, Senator Paul Simon received 22 allegations of improprieties by FAA and the contractor. Senator Simon forwarded that list to our office and requested that we review the allegations.

Rather than reevaluating each one of them, we categorized the 22 allegations into four general areas. We met with Senator Simons' staff on several occasions to discuss the audit, and agreed that the allegations would best be addressed by answering four audit objectives. In accordance with the agreement with Senator

Simon, the audit was done first to determine if the contract with SRSA was awarded in accordance with existing regulations.

Second, to evaluate the contractor's personnel qualifications and performance.

Third, to evaluate the adequacy of the contract specifications and requirements, and finally, to evaluate the adequacy of FAA's contract administration on this contract.

The audit was conducted at FAA headquarters, Chicago O'Hare International Airport, and the SRSA headquarters in Arlington, Virginia.

The audit covered the period from the time the modification was awarded for O'Hare, which was October 1988 through July 1989.

Let me now summarize the results of our audit on each one of the audit objectives. The first question we wanted to answer was, was the contract awarded in accordance with existing regulations?

The contract with SRSA was awarded as a section 8(a) small business set-aside by the Small Business Administration. We requested the Inspector General at SBA to assist us in determining if the contract was awarded in accordance with existing regulations.

He advised us that the contract met the definition of a socially and economically disadvantaged firm. The firm self-marketed itself to FAA, and it was SBA's policy to award contracts to firms which successfully self-marketed themselves and were qualified to perform.

Based on this information, we concluded that the contract was properly awarded.

Our second objective was to evaluate contractor personnel qualifications and performance. We found that the contractor personnel were not qualified to perform the training specified in the contract. Rather than providing training to FAA personnel, the contract instructors were being trained by FAA personnel.

At the time of our audit, which was 10 months after the contract was awarded, the contractor had not assumed the training functions and had been unable to certify its staff as instructors.

Let me give you an example. There were four separate terminal radar approach control courses and two tower courses at Chicago O'Hare. Between November 1988 and June 1989, there were 28 classes in those six courses.

A certified contractor instructor conducted only one of those classes. Although the contractor had not provided the required training, FAA paid the contractor \$600,000. Of this amount, \$361,000 was for labor costs, and \$239,000 was for travel, equipment, overhead and fixed fees.

Our conclusion on this objective was that the contractor did not have the qualifications to perform the contract. As I said, the FAA was training contractor personnel rather than them training the FAA staff.

Our third objective was to evaluate the adequacy of the contract specifications and requirements. We concluded that FAA's contract specifications and requirements were not adequate. In our opinion, this deficiency was a major contributing factor to the contractor's nonperformance and to FAA's paying for training that had not been delivered.

In our opinion, the contract had three major flaws. First, it did not establish a date for the contractor to assume responsibility for the training function. Second, it did not specify a limit on the amount of training that would be provided to the contractor instructors, and finally, it did not limit the number of contractor personnel that FAA would train.

Our conclusion on this objective was that the contract was, in fact, deficient and would be very difficult to administer.

The fourth objective was to look at FAA's contract administration.

Here again, we concluded that the contract administration was not adequate.

The inadequate contract administration, coupled with poorly written contract specifications, made it extremely difficult for the Government to properly monitor the contractor's work.

We found that the technical representative and the facility manager at O'Hare permitted the contractor to participate in employment screening processes for FAA controllers seeking transfer to Chicago O'Hare. That was not a contractual requirement.

These individuals did not have the authority to change the contract statement of work. That was a function of the contracting officer.

Additionally, a January 1989 internal evaluation that was critical of the contractor's performance was not provided to the contracting officer because FAA personnel at O'Hare were of the opinion that the contractor was still in a transition period.

This gets back to the adequacy of the contract specifications. The contract administration staff could not tell when the contractor was supposed to assume training—it was not in the contract.

FAA has taken steps to improve contract administration problems. The new headquarters technical representative was designated on August 1, 1989, and a liaison officer training conference was held in October 1989. FAA is currently drafting an order which will establish responsibility for performing evaluations of the training contractor.

To correct the many problems that we identified in this audit, we made six recommendations to FAA, and many of those recommendations required multiple actions. FAA concurred or partially concurred with most of the recommendations. The most significant corrective actions FAA planned to take related to future contract activity.

For example, FAA has agreed to establish a certification process for contract instructors. They have agreed to limit the time that the contractor can take to certify new instructors. They have agreed to establish dates for the contractor to assume responsibility for training at each facility. They have also agreed to perform a survey of available personnel at each new facility before awarding any future contracts or exercising options for controller training.

At the time we issued our final report, FAA had not agreed on three issues. They had not agreed to require that all contract instructors have relevant experience in a similar facility. They had not agreed to seek recoveries from the contractor for nonperformance, and lastly, they had not agreed to limit the number of con-

tract employees authorized at each facility. We felt these were important recommendations.

After reviewing FAA's response, we still believed that these three recommendations were valid and should be implemented. In our final report, we requested FAA to reconsider its position and provide a final response.

In my prepared text, I indicated that as of yesterday, we had not received that response. Late last night, I received a response from Admiral Busey. He agreed with two of the three issues.

The only disagreement that now remains pertains to the recovery of payments made to the contractor. FAA's response recognized the flaws in the contract and recognized its problem in contract oversight.

FAA had discussed the issue with the Small Business Administration, and according to FAA, the SBA position was that if FAA was partially responsible for the problems of the O'Hare training contract, the SBA would not support seeking recoveries from the contractor.

This will obviously have an impact on the ability to carry out our recommendation. We are going to have to do some more analysis to determine whether or not to further pursue this issue with FAA.

Mr. Chairman, this concludes my abbreviated statement. I would be happy to answer any questions that you or other Members of the subcommittee might have.

[The prepared statement of Raymond DeCarli appears on p. 51.]

Mr. ANDERSON. Thank you, Mr. DeCarli.

Mr. DeCarli, what was the FAA's justification for deciding to go with contractor provided training?

Mr. DECARLI. FAA, for the last several years, has been caught in a squeeze between the number of FTEs that they are authorized to have and congressional intent for them to increase the number of full performance level controllers in the towers.

Faced with that dilemma, FAA had to find ways to free up FTEs to put people in the towers. FAA cut back on administrative staff, and then started looking at other functions where they could free FTEs.

One place they found, and it sounded like a good idea, was to contract for training that traffic controllers were already providing. The plan was to take those people, put them back in the towers where they were needed and where everybody wanted them, and then to use contractors to perform the training function.

It sounded like a good idea.

Mr. ANDERSON. Well, what, if any, increase did you see in the number of FPL controllers at the Chicago O'Hare during the period for which you audited them?

Mr. DECARLI. The contract modification was made in October of 1988, and our audit time was July of 1989. During that period, there was an increase of five controllers.

Mr. ANDERSON. Increase of five during that time?

Mr. DECARLI. Increase of five, yes, sir.

Mr. ANDERSON. Were there other factors to which an increase might have been attributable?

Mr. DECARLI. In our report, we indicated that we could not attribute the increase of five controllers at O'Hare to the contract for

training. Previously, there were seven FAA people providing the training at O'Hare.

We looked at each of those people to see whether or not they ended up back in the tower. None of them did. One of the possibilities for the increased number of FPL, was that from October to the end of our audit period, a pay incentive program was put in place. GAO cited that program as being responsible for the increase in the controllers.

There are now more applicants for places like O'Hare because of the pay incentives. So, there is no direct relationship between the increase in controllers at O'Hare and the contract for training—I cannot make that connection.

Mr. ANDERSON. What prior audit coverage has the I.G. done on FAA training contracts, and what were your conclusions?

Mr. DECARLI. In 1988, we issued a report on training. The audit was done for two separate purposes. Even in 1988, FAA was contracting out training with the idea of freeing up controller spaces for tower operations.

We wanted to look at two things. Were they, in fact, achieving that goal of freeing up FTEs so that they could increase capabilities in the towers, and was that, in fact, a cost-effective decision.

The good news was that FAA was freeing up controllers. There were 491 controllers in training and automation functions prior to the contract award, and FAA was able to take 382 of those and use them for controllers positions.

One hundred fifty-eight of those people returned to controlling traffic, and 224 vacancies were created as a result of retirements, resignations, and transfers to the contractor. There were 224 billets that FAA could then hire air traffic controllers.

On the negative side, we found that FAA had done a cost-benefit analysis and had concluded that it would be cost-effective to contract out that function as opposed to using Government employees. The cost-benefit analysis was flawed, and it was probably more costly to use contractor employees than Government employees.

Mr. ANDERSON. In light of your previous work in this area and your findings relative to the Chicago O'Hare, do you believe FAA's justification for contract training needs to be reevaluated?

Mr. DECARLI. I don't think there is any question that FAA has to look harder at its contracting decisions. It needs to do a better job in the cost analysis area. It needs to do a better job in determining whether or not there is a sufficient work force in the geographical area to carry out the training function.

I don't think there is any question that FAA has to look harder before they go ahead and contract it out.

Mr. ANDERSON. Are you aware of any problems that had been reported regarding contract training at any of the 11 en route centers where SRSA provides training?

Mr. DECARLI. The only knowledge I have is of a GAO report that was issued in 1989. The report indicated that the officials at two centers were dissatisfied with contractor-provided training, and that the contractor instructors were not up to date on the procedures that FAA was using.

Mr. ANDERSON. Well, are you aware of any FAA plans to exercise contract options for training at any other facilities?

Mr. DECARLI. The contract with SRSA does have a contract option for the New York TRACON. That is clearly an option in that contract as it exists. That option has not been exercised, and it's my understanding that FAA does not intend to exercise it.

Mr. ANDERSON. Well, are you satisfied then that the FAA has taken the necessary steps to ensure that the circumstances at Chicago O'Hare could not be repeated at other facilities?

Mr. DECARLI. Prior to last night, I would have told you that on three of the issues, I am not satisfied. FAA's response last night was pretty positive.

The recommendations that we made are generic. They really go to fixing the causes of problems, to getting better statements of work, and to be more specific in the performance standard of the contract. FAA has made good commitments to take corrective actions for those issues.

If they follow through and in fact take those actions, I think their future contracts will be much better and enforceable.

Mr. ANDERSON. Do you know the monetary value of the FAA's current contract with the SRSA?

Mr. DECARLI. The SRSA contract value is about \$76 million over a 5-year period, without the New York TRACON option. With the New York TRACON option, it goes up to about \$84 million.

Mr. ANDERSON. Well, in your opinion, what is the importance of requiring contractor instructors to have relevant and recent experience at the facility in which they teach, or at a similar facility?

Mr. DECARLI. This was one of the issues of contention prior to yesterday. FAA had indicated that they didn't think that was a necessary requirement, and our position was that it was.

When you are dealing with a facility like O'Hare, which is one of the largest in the Nation, it has intersecting runways and new equipment in that facility; unless somebody has familiarity with a very complex operation, it's very difficult for them to become the trainer of the FAA controllers.

It would be very difficult to take an FAA controller out of some small tower, like where I am from, Wilkes Barre/Scranton, Pennsylvania, and throw them into Chicago O'Hare and expect them to train the controllers at the O'Hare tower.

In yesterday's response from FAA, they did agree that they would make that a requirement.

Mr. ANDERSON. Mr. McEwen.

Mr. McEWEN. You answered this somewhat, but I wasn't here. I apologize.

Do you think it's feasible for FAA to get some of the money back, or not?

Mr. DECARLI. FAA's position, and they claim that they have discussed it with the Small Business Administration, is that if FAA was at fault or partially at fault for the contractor's inability to deliver the training that was expected under the contract, SBA would not support recovering those funds.

Mr. McEWEN. Can you help me? How would FAA be responsible for their nonperformance? Any ideas?

Mr. DECARLI. It was clearly, in my view, a deficient contract. FAA used a performance specification on a cost-type contract, which is very difficult to administer.

The contract did not have definitive deliverables in it. In a performance type contract, I would expect that the contract would say, you will begin training classes on such and such a date, over this 6-month period, you are expected to train some classes, ETC. If you don't perform those functions, then there is a monetary penalty.

Mr. McEWEN. Did you do any investigation as to who drafted the contract and how that came about?

Mr. DeCARLI. No, we did not. It was a self-marketed proposal, as Ken Meade said, where the small business SRSA came in and made the proposal to FAA.

Mr. McEWEN. So one should not be overly surprised that it didn't have a bunch of difficult deadlines to meet in the process of picking up the check.

Mr. DeCARLI. That was one of the things we looked at previously when we had an allegation of conflict of interest between the small business contractor and FAA. We looked into that through our investigative processes and we weren't able to make that connection.

Mr. McEWEN. Has this particular firm done work like this before?

Mr. DeCARLI. This particular firm came into existence in about 1984.

Mr. McEWEN. And the contract was when?

Mr. DeCARLI. This contract was 1986. I don't know what they have done in between.

Mr. McEWEN. After a person has an \$84 million contract, can they still qualify as being socially and economically disadvantaged?

Mr. DeCARLI. The thresholds are fairly high. I believe that is the case.

Mr. McEWEN. So they can be socially and economically disadvantaged to the tune of hundreds of millions of dollars for a long time.

Mr. DeCARLI. The \$84 million is over a 5-year period, but I think the answer is, yes.

Mr. McEWEN. I think that points out a certain problem that people who live in rural America have had for a long time. The testimony mentions a lack of guidance in the overall contracts. So in other words, more than just this particular one you think that they don't have a contracting division over there that—

Mr. DeCARLI. If this is a typical contract, they would have a very difficult time in administering it and making sure that the contractor delivers on what the Government is paying for.

You have to have specifics in the contracts. You just cannot deal in generalities, and this one dealt in generalities.

I don't know what the rest of them have in them.

Mr. McEWEN. Thank you, Mr. Chairman. Thank you very much.

Mr. ANDERSON. Mr. Borski.

Mr. BORSKI. Thank you, Mr. Chairman.

Mr. DeCARLI, I would like to follow up on a couple of questions. What did the contractor's proposal state regarding the qualifications of its instructors and technical staff?

Mr. DeCARLI. The contractor in its unsolicited proposal said that he would use experienced air traffic controller personnel who were qualified as instructors or who could be rapidly trained.

The implication to me, was that the work force that he was proposing could come on line and assume the training function fairly

quickly. As we found out, 10 months after that contract was awarded, FAA was still training the trainers, which leads me to believe that that statement just wasn't appropriate. It couldn't be backed up by delivery.

Mr. BORSKI. What was the certification process for instructors agreed to by the Chicago Facility Manager and SRSA?

Mr. DeCARLI. That certification process is one of the kinds of things I would suggest ought to be in the contract itself. It was not. It was agreed to outside the contract. The process was that the contractor instructors would first attend a class as a student and be required to take the test for that class and pass it.

After making it through the first step, the individual would then monitor a class taught by FAA. Finally, he or she would teach a course with an FAA observer present.

Based on that, FAA would make a decision as to whether or not they wanted to certify or deny certification to that individual.

Optimistically, with that kind of a process, if you had a highly qualified individual who had good knowledge of air traffic control and who was familiar with O'Hare, you could probably get somebody through the process in 45 to 60 days, as opposed to the 10 months that it was taking.

Mr. BORSKI. I am sorry, sir. Did the Chicago O'Hare Facility Manager SRSA come up with an agreement to this, or not?

Mr. DeCARLI. It was part of an agreement between the contractor and FAA at O'Hare. It was not part of the contract, and probably not enforceable as a contractual term, which becomes another problem when you have these side agreements outside the contract.

Mr. BORSKI. What can you tell us about the air traffic experience of the owner of SRSA?

Mr. DeCARLI. He was formerly an FAA official. In 1983, he was the Deputy Director of the Air Traffic Control Service at FAA headquarters.

He founded SRSA in February of 1983 after he either retired or resigned, I am not sure which; but he left FAA.

Mr. BORSKI. He was the Deputy Director of the FAA?

Mr. DeCARLI. Deputy Director for Air Traffic Service.

Mr. BORSKI. 1983?

Mr. DeCARLI. Yes, sir.

Mr. BORSKI. One final question, sir.

Your investigation found that an internal evaluation critical of contract performance was not forwarded to the contracting officer or other FAA officials because Chicago O'Hare officials maintained that the contractor was still in a transition period.

I would like to first request that your office submit a copy of that evaluation for our hearing record; and second, ask whether you are aware of any directions that have been issued by FAA management which would prevent the withholding of future evaluations?

Mr. DeCARLI. As part of the corrective actions that FAA has agreed to, there will be evaluations of contractor performance and they will be forwarded up the channels through FAA. That is one of the issues that we made.

Mr. BORSKI. Okay. Thank you, sir.

Thank you, Mr. Chairman.

Mr. ANDERSON. Mr. Inhofe.

Mr. INHOFE. First of all, Mr. DeCarli, I think you have been very thorough in your questions and your report. I have been a proponent of contracting out in other capacities, such as Mayor of the city, and many times it has been very successful.

I know that it also meets with a lot of bureaucratic resistance sometimes. I didn't read your report, but I listened to your testimony. And did you cover the alternatives?

Now, obviously an alternative would have been to contract out to another bidder or to try to do it internally. Was there just not the capacity internally? Did I miss this?

Mr. DECARLI. The reason for contracting it out in the first place was to free up the FTEs so those positions could go back into the towers.

There was clearly an incentive to contract it out rather than to look internally to do the function.

FAA was already doing it internally and satisfactorily, to my knowledge, and could have retained it, but they had a motivation to try to get those positions freed up so they could do air traffic control functions.

Mr. INHOFE. If they had done it internally, wouldn't they have had an inadequate number to work with, or how would they have handled that?

Mr. DECARLI. They had seven people at O'Hare that were doing it, and to the best of my knowledge, they were doing an adequate job.

The intent was to take those seven people and try to get those seven billets into the towers. That did not happen.

Mr. INHOFE. I see. Well, I think that the controllers themselves have demonstrated that they are capable of performing to absorb these voids, such as they did during the strike, and I wonder now, just as an opinion, do you think—which of the three alternatives would have seemed now in retrospect to be the most plausible, doing it as they did it, doing it with another contractor, or trying to do it from within?

Mr. DECARLI. The textbook answer I am going to give you is that they should have gone through the A-76 process. That would have been to take a look at the FAA training function, take a look at how it was being done and whether or not they had, in fact, the most efficient organization or whether or not they could have reorganized the in-house function to become more efficient. They should have developed a good performance specification.

I mean a good performance specification with a lot of specifics in it as to what is expected from both the in-house work force and the contract work force, and then competitively bid it.

It was not competitively bid. It was basically a sole source contract. To me, if you went through the A-76 process and you did an honest cost comparison, you would come up with the right answer.

Mr. INHOFE. Thank you very much, Mr. DeCarli.

Mr. ANDERSON. Mr. Boehlert.

Mr. BOELHERT. Dr. DeCarli, when you made your recommendations to the FAA, at what level are those recommendations discussed?

Mr. DECARLI. This particular report I addressed specifically to the FAA Administrator, and the response to the draft report and

the response I received yesterday from FAA were both signed personally by Admiral Busey.

Mr. BOELHERT. But is there any sort of informal discussion that goes on, or is it all in writing?

Mr. DECARLI. There is a lot of informal discussion that goes on.

Mr. BOELHERT. Does the Admiral get involved personally in those informal discussions?

Mr. DECARLI. In this case, no. It was done at the staff level.

Mr. BOELHERT. How would you characterize the attitude of FAA personnel that you are dealing with on this? Are they receptive, or is there some degree of resentment because you guys are telling them how to do a job?

Mr. DECARLI. I don't think there was any resentment. FAA clearly recognized that they had a bad contract on the street, and because it was a bad contract, it could not be enforced and could not be adequately administered.

Mr. BOELHERT. So you feel good about the general attitude?

Mr. DECARLI. Yes, I do. I honestly think they are going to take the actions that they have proposed in their response, and if they do that, it will make future contracts for training more enforceable and put them in a better position to administer those contracts.

Mr. BOELHERT. You did indicate that last night I believe you said you learned that two of the three outstanding issues, there is now general agreement?

Mr. DECARLI. Yes, sir.

Mr. BOELHERT. So it's always hard to characterize that, but might not that have come about because there was an awareness of today's hearing?

Mr. DECARLI. I really cannot answer that. Our normal process when we issue a final report and have issues that are still unresolved, is to ask for a response to the final report within 60 days.

We were probably about 15 days past that deadline as of last night. We were probably in the neighborhood of about 75 days. It's not unusual for us to get a reply after that 60-day period.

The process in the Department is that if we did not get the reply, we would have sent the report for resolution to the Assistant Secretary. At this point it gets treated quite a bit differently. Even in the case of a nonconcurrence, where we are talking about the recovery of funds, we have the opportunity to go through the resolution process.

If we don't agree with FAA on any issue, we can go through an in-house resolution process above the FAA level.

Mr. BOELHERT. In relative terms, Admiral Busey is a new guy on the block. This is an inherited problem, not one that occurred on his watch.

Mr. DECARLI. Yes, sir.

Mr. BOELHERT. I think we have to recognize that.

Mr. DECARLI. I would have to tell you that I have worked fairly closely with Admiral Busey, and I am very impressed with his attitude and the way he is approaching the job.

Mr. BOELHERT. So am I, and that is why I was particularly interested in getting a response to my question about attitude because that is critically important. And it's reassuring to have your report.

Thank you very much.

Mr. ANDERSON. Without objection, the Chair will include for the record of today's hearing copies of the Inspector General's report on the audit of contracting for air traffic control training at the Chicago O'Hare International Airport, the FAA response to the audit, and the January 10, 1990 letter from the President of SRSA to the FAA commenting on the Inspector General's report, and the SRSA Contract Training Evaluation Memorandum.

So that will all be part of the record.

[Copies of the Inspector General's report as referred to by Mr. DeCarli appear on p. 99.]

And it's been suggested—we were just about through, I think, with your panel, Mr. DeCarli. It's been suggested that we break for a short lunch until about 12:45 before we have our final witness on because we think that is going to be a little bit longer, maybe. That would be the FAA, yes, and so we will recess now until about 12:45; and hopefully be back here at 12:45 to hear Mr. McLure.

Mr. McLURE. Thank you, Mr. Chairman.

Mr. McEWEN. Mr. DeCarli, is there something that you expected to say that we didn't ask or lead you into?

Mr. DECARLI. No, sir. I think you pretty well covered it.

Mr. McEWEN. Thank you.

Mr. ANDERSON. We will stand in recess until 12:45 after we have had our lunch.

[Lunch recess.]

Mr. ANDERSON. The committee will come to order.

Our final witness today is Mr. Herbert McLure, Associate Administrator for Human Resources Management and Federal Aviation Administration.

He is accompanied by Mr. David Carmichael and Mr. Norbert Owens.

Would you gentlemen please rise and raise your right hands.

[Witnesses sworn.]

Mr. ANDERSON. Mr. McLure, you may begin.

TESTIMONY OF HERBERT R. McLURE, ASSOCIATE ADMINISTRATOR FOR HUMAN RESOURCES MANAGEMENT, FEDERAL AVIATION ADMINISTRATION, ACCOMPANIED BY DAVID CARMICHAEL, DEPUTY DIRECTOR, MIKE MONRONEY AERONAUTICAL CENTER AND NORBERT OWENS, DEPUTY ASSOCIATE ADMINISTRATOR FOR AIR TRAFFIC

Mr. McLURE. Thank you, Mr. Chairman.

I really am happy to be here today with you to discuss the Flight Plan for Training because I think it is an important thing for FAA and something we worked hard to get to the point where it is.

As you requested, we are going to talk about the status of the flight plan. I am going to try to tell you a little bit more about what is in it. We are going to talk about the process we use to determine our training requirements and then our use of the contractor provided training for controllers.

Appearing with me today are Norbert Owens. He is the Deputy Associate Administrator for Air Traffic. David B. Carmichael is

Deputy Director of our Mike Monroney Aeronautical Center in Oklahoma City.

I will ask the prepared statement be entered into the record.

I will summarize and in some cases, expand on it a little bit.

Mr. ANDERSON. So ordered.

Mr. McLURE. FAA's training system is straining to keep pace with the extraordinary demands placed on it because air traffic is spiraling upward. At the same time we are entering a period of significant technological advances. Even though we provided more than 65,000 training enrollments at the FAA Academy over the last three years, we didn't keep up with our training needs.

To find ways to produce more training at a lower cost, we reviewed our training system from top to bottom and developed the Flight Plan for Training in 1989. It has 47 projects organized into eight areas.

I would like to give you a flavor for what those projects contain.

First, we established the Office of Training and Higher Education. That was to provide a single point of accountability in FAA for training and to better manage and control our training resources.

The office has already found better ways to manage FAA's training travel funds which are substantial each year and has revised our policy for administering FAA's training program.

The office has existed for about a year now. As you recall, these are some of the very points GAO was talking about this morning.

Secondly, recruitment. To attract the best applicants for FAA positions we have hired full-time recruiters in our regions and developed a strategic recruitment plan for fiscal year 1990 through 1993.

Prior to the last year or so FAA never even had a printed recruiting brochure that we could hand people telling them what our jobs were, where they were and what people had to be able to fulfill in order to get those jobs.

I think we made significant strides in that.

The other thing you heard from GAO this morning was that a short time ago it would take a year to 18 months for somebody who was applying for a job at FAA to actually get hired as an air traffic controller.

In the past year as a result of the work we have done in the Flight Plan, we have cut that time to about six weeks. We have taken away about 90 percent of the time it was taking to hire an air traffic controller.

Our academic and industrial ties. In that part of the plan we are exploring a variety of ways to take advantage of the educational expertise that already exists in our private sector.

For example, we have established some pilot programs with some institutions around the country to try to train air traffic controllers outside of FAA.

Right now all air traffic controllers get trained by FAA. We believe that if we can demonstrate that institutions outside FAA can do some of this training, we can save the taxpayers a lot of money and save another problem. There is a human cost to having to fire a number of people that we hire to be air traffic controllers because they really don't have the aptitude to complete the training.

In addition, we began a series of training symposia in Oklahoma City in December 1989. The first one centered on air traffic. We are holding another one next week on some of our other occupations and occupational training needs.

In addition, we have a growing body of 42 colleges and universities with FAA approved airway science curricula and we have a number of successful cooperative agreements with colleges and universities around the country. FAA has one of the biggest co-op programs in the government and one of the most successful.

On air traffic control screening, here I think it is important to understand that it costs a lot to train somebody to be an air traffic controller. It costs FAA a great deal to do that.

When we hire people, we want to be sure that they have the basic aptitude to complete that training so that we don't hire people that spend a year or two or three in training and then discover that they don't really have the aptitude to complete it. So right now we invest a great deal of money in a screening program to try to be sure that the people we hire have the right kind of aptitude.

That screening program actually involves about 11 weeks in Oklahoma City at the end of which we fire about 40 percent of the people who go to it on average over the years. We would rather not be doing that. We would rather figure out whether people have that aptitude before we ever hire them.

So we have begun the research to try to find an adequate screening mechanism that will take us much less time and that we can provide to people before they become employees.

What we have discovered is that in the current context of government, being a government employer, in order to be sure that we are fair to all the parties who might want to be air traffic controllers and that we have a good screening mechanism, we have to be very careful how we do it.

It is going to take us a considerable amount of time to have a replacement to what we are currently doing. It is work we have underway now. It is part of the flight plan.

Improved on-the-job training. You have heard a lot about training and the way it is distributed in FAA today.

It is a fact that most of the training that an air traffic controller receives, he or she receives on the job. It is an apprenticeship approach to training rather than something that is done centrally with any kind of simulation or otherwise.

To be sure that people are getting good training, we have tried to reorganize the way we go about our on-the-job training. We try to be more careful about who we allow to be an instructor.

We try to give them the tools they need to do a good job as an instructor. We try to reward those people for getting people to succeed in the training program.

In the past there has been a great emphasis placed on not letting anybody through who can't do the job. That has a tendency to translate on the job into, well, we have to be really tough about whoever we let through and we don't really emphasize the training aspect as much as we wanted to.

Our air traffic service has invested a great deal of time and effort in order to change that basic attitude about training around.

Improved training curricula. The curricula we use to teach people to be air traffic controllers and to teach people to do the other kinds of jobs we have in FAA was created in many cases 20 years ago or more and is not based on scientific analysis of what a person has to be able to do, but instead we took skilled people in those trades and let them figure out how they thought the training could be done instead of using educators to create the training.

What we want to do is revisit the curricula that we use, do cognitive task analysis, which is a scientific look at what people, the thinking process people actually go through when they do air traffic control work, and then find a way to teach people directly instead of through an apprenticeship program, where people have to discover for themselves how to do the job.

This work is what we are working with a number of contracts on right now. We use contractors for this kind of work because they have expertise that we don't possess in FAA and really can't afford to hire because we expect only to need it for a short time.

Our FAA Academy in Oklahoma, for those of you who have not been there, it is a very impressive facility. We run literally thousands, tens of thousands of trainees through there each year.

We do all we can to make sure that while people are there, they have the best experience, the best training they can possibly have. Over the past year we have done a great deal to upgrade that facility.

Our Center for Management Development is also part of the Flight Plan for Training. We think that we have one of the best management development training centers in government.

The management training we provide there was accredited by the Southern Association of Colleges and Schools in May of 1989, and our relationship with academic institutions and private sector organizations really allows us to provide the latest in management thinking to our people.

We have reviewed all the curricula we provide at the center. In addition, we are as rapidly as we can improving the technology we have there.

We recently put in a satellite down link so the administrator here in Washington can communicate directly with the classes down there so that they can have question and answer periods during their management training.

Just from that brief outline, you can see that what we have is an ambitious agenda for training. We already have accomplished a lot.

But changing a large organization—and that is what we are trying to do with this program is change the way FAA goes about its work—that takes time and effort and a lot of money. We have been able to support the highest priority things in the Flight Plan with \$5.5 million in 1989 and another 13.4 in fiscal year 1990.

But as you might imagine, we also experienced some financial setbacks during the last two budget years. As a result we are now revising the Flight Plan to bring it more into line with our budget realities. We expect to have that revision approved and published by the end of September.

It will still represent the full range of improvements we need for our recruitment and training programs. I think it will be better tailored to what we now know are the financial realities.

GAO referred to establishing training requirements and making sure that people attend the training when scheduled this morning. We know how vital training is to FAA's continued success.

We care also that the money we spend gets used effectively. Much of what GAO said really came out of an evaluation that we in FAA performed because we are anxious, as GAO is, to be sure that we are doing things effectively.

Our Deputy Associate Administrator for Appraisal, this is an office we have in FAA that does these kinds of things for us, directed the evaluation.

He did confirm that our process for figuring out how much training we need to provide produces reliable estimates, but he also recommended about 52 ways that we can improve the process. We are right now using a work group to analyze those recommendations, figure out the best way to implement them and at that point we will go ahead and implement them as rapidly as we can.

I would like to address the issue of contract training. GAO and the IG both spoke about that at some length this morning. I don't want to add to what you already know about the facts because I believe what they told you is essentially correct.

What I would like to reiterate is that the IG made a number of recommendations, and we have adopted all but one. The recommendation we didn't adopt called for us to coordinate with the SBA to seek recoveries from the contractor for non-performance of the task in which the contract employees lacked relevant experience or were unable to obtain certification as instructors within a reasonable period.

However, the contract did not define—this is our contract—did not define the parameters of relevant experience required for former air traffic controllers, and there were no milestones or schedules in the contract that would have required the contractor to have instructors certified within a certain period of time.

As a result of that, both our chief counsel and the Small Business Administration have advised us that it is really not feasible to recover the money.

I would like to assure the subcommittee that we take the IG's report seriously. We are making fundamental changes in the way we go about contracting for controller training to avoid future problems.

We will be issuing a contract modification which will require a detailed transition plan with approved milestones before any contractor can begin training at any terminal radar approach facility.

The FAA will only accept contractor personnel in specified numbers for training and with documented appropriate experience subject to formal certification. We will also require that work specifications state exact performance criteria, including but not limited to, transition plans with milestones.

Finally, since the IG report was issued, the contract staff at O'Hare assumed the training functions listed in the contract and all instructors have been certified.

That completes what I would like, the time I would like to use for the statement. At this point we would enjoy talking about these subjects with you.

Mr. ANDERSON. Mr. McLure, the FAA controller staffing goal for fiscal year 1990 was 17,495. Considering the critical need for controllers, why did the FAA ask for a modification of the goal downward to 17,000?

Mr. McLURE. I would like to let Mr. Owens respond to that directly. I would, however, like to say a few things about that. There were more than one reason. One has to do with the extension of the time for delivery of some of the NAS plan equipment that we have purchased.

The other has to do with the amount of money we had for paying air traffic controllers and doing the other things that FAA has to do every day.

Mr. OWENS. Just briefly, there were about 150 controller positions included in that increase that were to start training to be controllers to accommodate the transition to the new sector suites that were to be delivered in 1992.

Because of the slippage in delivery of that equipment, that requirement has actually been postponed for at least a year and a half.

The other reason that was taken into consideration was the fact that we have air traffic controllers at lower activity facilities who are more—would be more properly used at a higher activity facility. But that requires what we call a permanent change of station move, which requires dollars to accommodate that. It was our decision that the movement of those people was more critical to the short-term operation of the air traffic system.

Therefore, we deferred the hiring of new people to try to reposition some of those people that we have already hired in previous years.

Mr. ANDERSON. Have you already programmed the additional funds for something else? If so, what are you planning to use the funds for?

Mr. OWENS. Yes. Some of those dollars, in fact, are being used to pay for permanent changes of stations, which averages about \$20,000 a move now. So that money is being used to reposition some of our work force. In the air traffic business, there is about five different levels of difficulty in the terminal, in our terminals.

Ideally, we try to take a new—a new employee and start him at the lower activity facility, so that he can gradually become a better air traffic controller, more experienced air traffic controller. But that does require geographical moves in order to accomplish that. That is what we used a big portion of that money for.

Mr. McLURE. I would like to add something to that. In my position, I receive a lot of correspondence from controllers that are unhappy for one reason or another. One of the reasons many of our controllers are unhappy is because in order to get a promotion to a higher grade and pay level, they need to be able to move from a low activity facility to a higher activity facility.

If we don't have the money that it takes to move them, you know, because they have to sell a house and buy a house, and under Federal law, we are obligated to help them with that, if they are moving for our reasons, if we can't help them move, then they can't get promoted. That makes people unhappy.

Mr. ANDERSON. Mr. McLure, since you have reduced your staffing goals for the year 1990 to 17,000, what adjustments have you made to the controller training pipeline?

Mr. McLURE. The pipeline is reduced. That is, we don't hire as many people. We have, basically, we have a monthly or even more frequent input into our screen at the Academy. We reduce the number of people we hire at that time, which reduces the number of people we have to pay. It reduces the amount we spend on training.

That money then is freed up to pay for the permanent change of stations and other things we have talked about.

Mr. ANDERSON. Mr. Owens, how many full-time permanent positions are allocated to the controller work force in fiscal year 1990 and fiscal year 1991 in the centers?

Mr. OWENS. Mr. Chairman, I don't have that number with me right now, but I would be happy to supply that for the record.

Mr. ANDERSON. I would like to have you supply it.

I am going to ask, following that, also how many in the towers? Break it up three ways.

[The information received from Mr. McLure follows:]

CONTROLLER WORKFORCE FULL-TIME PERMANENT POSITIONS

	Fiscal years	
	1990 estimate	1991 estimate
Centers.....	7,702	8,038
Towers.....	9,298	9,457
Totals.....	17,000	17,495

Mr. ANDERSON. Mr. Carmichael, we have not heard from you, so I will ask you a question. It is our understanding, Mr. Carmichael, that you have reduced the number of controller trainees at the Academy from 2900 in fiscal year 1989 to 2103 in fiscal year 1990, almost 800 less.

According to FAA's own findings, and system safety and efficiency reviews, controller staffing is still a major problem at many of your facilities. What are your intentions over the next couple of years regarding the controller training pipeline?

Mr. CARMICHAEL. Mr. Chairman, first of all, the Aeronautical Center is an activity that responds to the needs of the system as the operating services determine. We gear our own staffing to respond to that. I would defer the question to Mr. Owens on that.

We are geared and are able to meet the training needs as required at this present time.

Mr. OWENS. The appropriate answer to this question actually relates a little bit to how I responded before. We do indeed have a staffing problem at some of our facilities. They are those facilities that are under the pay demonstration project, a couple of the busier facilities in the country, as a matter of fact.

The repositioning of that work force that I talked about is part of our plan to address that most critical part of our staffing problem, which is getting qualified people into those hard-to-staff facilities.

That is where the critical effort is right now, to address our staffing problem, we think short-term-wise, certainly, is to reposition the current work force.

Remembering that those that you hire in 1990 really aren't usable until 1992, 1993 time frame because of the length of time that it takes to train someone, so it is a delicate balance between short-term gains and keeping the system running well, and the long-term continuity of the system.

We think that we have the right balance, quite frankly.

Mr. ANDERSON. Mr. Owens, regarding your fiscal year 1990 controller staffing goal of 17,000, it is my understanding at the end of April, your controller work force was 17,232. How do you intend to get to your desired level by the end of the fiscal year?

Mr. OWENS. It is 17,232. The primary reason for that is reduced level of retirements and actual performance-level air traffic controllers leaving the controller work force. So, again, the balance—we probably will not be precisely at 17,000. My estimate is that we will probably be somewhere around 17,200. That will be done, though.

We try to measure that or work that number by the number of new people that we hire and send to the Academy.

Mr. ANDERSON. Mr. Owens, based upon the method that you use to relate air space capacity and demand to controller staffing needs, what are your controller staffing needs at the present time?

Mr. OWENS. That is a difficult question to answer, but let me try it. Right now, today, we have enough air traffic controllers. Those controllers for today were hired three years ago. They are at the point now where they are fully participating in the system. Yes, we are working overtime at some facilities to take care of what I talked about earlier, about the reduced number in some of the facilities.

But, we do have the right number of controllers today. We have to continually look towards the future, try to anticipate the increase of work load and what it is we are going to try to do to accommodate that work load so that we do have the right number of controllers.

Therein lies that delicate balance that I talked about in accommodating the near-term and the long-term objectives.

Mr. ANDERSON. I have some more questions, but I think at this time, I will yield to Mr. McEwen.

Mr. McEWEN. Thank you, Mr. Chairman.

Just to follow up on that, I just want to hear you say it again. You have an adequate amount of controllers? Is that right—

Mr. OWENS. That is correct.

Mr. McEWEN. The delays in the New York area have increased significantly, approximately 60 percent in the first four months of this year. Does that have anything to do with what FAA does?

Mr. OWENS. It doesn't have anything to do with the number of controllers, no, sir. The dramatic increase of delays, primarily at LaGuardia, were caused by truly abnormal weather conditions that were in the New York area.

One of the practices in the air traffic system is the airlines tend to schedule at airports to meet the VFR capacity of an airport. That is, to meet a capacity that is set under ideal conditions. If

weather moves in or a taxiway is out of service, or a runway is out of service because of reconstruction, that reduces the capacity of that airport, thereby resulting in delays. That is the bulk of the reason why the delays have increased.

If it were a simple matter of adding a controller and gaining a 15-percent increase in that capacity, we would be out there doing it. It just absolutely has no correlation to it.

Mr. McEWEN. No correlation. What percent of the pilots would agree with the observation that air traffic controllers have no correlation to delays, in your judgment?

Mr. OWENS. I would say they would disagree.

Mr. McEWEN. Okay.

As I understand it, SRSA has a provision that they can—that you can add them elsewhere without signing a new contract; is that right?

Mr. OWENS. Yes, it is a provision in their current contract, allows it as an option in the contract if we wish to exercise it.

Mr. McEWEN. Do you have any inkling of doing such a thing?

Mr. OWENS. Yes, sir, it is something that is under consideration. Right now, there is not enough dollars to allow us to do that.

Mr. McEWEN. There is not sufficient dollars, because you can't—you decided you are not going to collect what they owe you from Chicago. All right. Okay.

Over the last year and a half, maintenance technician staffing shortages have become apparent and are likely to get more critical. Half of the work force is eligible to retire in the next five years, as I understand it.

How are we addressing that dilemma?

Mr. McLURE. What you cited is true. Our maintenance technicians are one of the oldest work forces in government. Whether they will retire is something we don't know. But we are anticipating that many of them will, and we have focused on rebuilding that work force as rapidly as our budget will allow us to do.

Over the past couple of years, we have hired 800 to 900 new people per year. There again, we are training them as rapidly as we can. One of the things that happens to us is that in order to make our budget go as far as it will, you know, if you hire a person at the beginning of the year, it costs you a whole year's salary. If you hire them later in the year, it costs you less. If you hire almost everybody near the end of the year, it costs you even less than that.

In order to be able to increase our work forces by large numbers, we have delayed hiring and kind of piled up large groups of them into one part of the year. That makes it difficult to train them, because you have a peak load problem. It doesn't make sense, from my point of view, to increase our training capacity for what is a short-term problem.

So, nevertheless, we have these kinds of constraints working on us in the system. We are working as rapidly as we can to increase that work force.

Mr. McEWEN. Does that bother you at all? That explanation is just very difficult for me. In order to save money, we are going to bunch them all at the end. Then you don't have the capacity for them. Am I missing something here?

Mr. McLURE. No, I think you have that right. Maybe in order to save money, you know, that is, in order to do as much as we can with the money we have.

Mr. McEWEN. It wouldn't make sense to keep an even flow all year long—

Mr. McLURE. It absolutely makes great sense to do that.

Mr. McEWEN. Can I recommend you keep the flow at a level of, say, 60 percent all year long rather than waiting until the tail end and bunching them all up? Then you have got excess people and not much capacity.

We have heard that classroom training is often characterized by—controllers describe the training as being out of touch with the real world. Is that something you have encountered at all or not? Do you feel it is satisfactory?

Mr. OWENS. As a matter of fact, no. Let me try to explain this a little bit. There are three different facets to the air traffic controller training. It begins at the Academy in what we call a screening process. From there, if the employee is successful, he goes into a field facility where he does go through classroom training, which is really air traffic control theory. It is basic air traffic control that is applicable whether you are at Chicago O'Hare or Des Moines, Iowa. It doesn't matter.

From there, the trainee goes into some simulation, where, of course, at that point in time, you need to know some specific procedures that are done at that specific facility. But from that point, being that he is successful and he is assessed by FAA employees at that time, he goes into the control room, where he starts to train with live traffic, trained by air traffic controllers, FAA air traffic controllers.

So, it is a bit of a misnomer when you begin to talk about contract training and its effect on an FAA employee, because they just have one segment of it. Part of that segment is just basic air traffic control theory. There is just—

Mr. McEWEN. Thank you.

Mr. OWENS, let me go back and give my first question another whack. We have had testimony basically that the contract with SRSA was so poorly written from the position of the taxpayer, there is no criteria that they have to meet, so you can't prove they didn't perform because they drafted the contract in the first place, so you can't get the money back?

Mr. OWENS. Our advice from—counsel advises us that we did not have a good case. It was not a good contract.

Mr. McEWEN. Then you tell me you are thinking about expanding that operation in New York?

Mr. OWENS. Because we have made significant changes since that time period that would preclude the same thing from happening again.

Mr. McEWEN. Did it dawn on you that perhaps somewhere along the line somebody else could do it openly and honestly and fairly, so you don't have to go back to those people after they stuck you for 600,000?

Mr. OWENS. Our plan is to have one single contractor perform this service for us, yes.

There may be someone else out there, yes, sir.

Mr. McEWEN. I don't understand things. You can have it awhile. Thank you.

Mr. BORSKI. Thank you, Mr. Chairman.

I would like to follow that line of questioning just for a moment, if I may, sir.

Is there any criteria by which you would not consider SRSA? Are there any such guidelines in your work that would say these folks did not do a satisfactory job last time; therefore, they are not to be considered again?

Mr. OWENS. Of course. The fact is, though, that they have done a satisfactory job. They perform contract training at 11 en route air traffic control centers. We have evaluated their function out there, and they are doing satisfactory work.

The implementation of the contract at O'Hare was the first terminal facility that we had done that at. We did make a mistake in the oversight of that contract, but—and I don't know, I guess I am making an excuse.

Because the success that we experienced in the en route centers, we did not feel we would run into a problem in getting qualified people to perform the training function at O'Hare. We were wrong. The contract was loose.

We have changed it, we believe, to the point that this just couldn't happen again if we went to another terminal facility.

Mr. BORSKI. Let me understand. Would there be any such thing as good faith on SRSA's part on saying that they did not do a satisfactory job in the O'Hare instance and that perhaps by good will, they would be willing to repay some money?

Mr. OWENS. I couldn't answer that, sir. I don't know.

Mr. BORSKI. Would you consider asking?

Mr. OWENS. I would consider it, yes.

Mr. BORSKI. Mr. McLure, in October, 1989 testimony before a House Subcommittee of the Science, Space and Technology Committee, the FAA administrator said that training was one of his highest priorities and that he was no longer going to cut training dollars.

Would you explain exactly what the administrator meant, and especially in view of the fact that most agencies generally view training as a discretionary area of their budgets?

Mr. McLURE. I think he meant exactly what he said. I think he realizes how important training is to the FAA, and I think it was his intention to support the minimum needs to maintain the safety in the system and to make sure that that got the funding that it needed.

We, in fact, this year spent a fair amount of time working with the services that we provide the training to make sure that we had sufficient dollars to cover those minimum needs, and we moved money around in the FAA to make sure that we could do that.

Mr. BORSKI. Is training FAA's work force a discretionary task?

Mr. McLURE. We don't think so.

Mr. BORSKI. Could you give us an idea of where training fits today in FAA's list of priorities? What is ahead of it, and what is behind it?

Mr. McLURE. I think maintaining system safety is always first with FAA. Part of maintaining system safety is to be sure that our

people are fully trained. So in that sense, training is a first priority with us.

Mr. BORSKI. Mr. McLure, FAA itself has identified some training as mandatory or job-required for its safety-related work forces.

Can you describe what that means?

Mr. McLURE. Mandatory, in my book, means what it says, that you have to have it.

Job-required means that in order to do a particular job, you need that kind of training.

Mr. BORSKI. Is some mandatory training not accomplished, and if so, please specify which work forces are involved and what the impacts are.

Mr. McLURE. I think your question is referring to the categories we use to help the organizations that request the training. Categorize the quality of the request for us. It's true that some of the training that is listed as mandatory on those requests doesn't get accomplished, but that is a long process.

It takes, you know, 18 months in some cases, and by the time we get around to providing the training that was requested some months ago, either the people are no longer there or the training is no longer needed as it was 18 months earlier.

Mr. BORSKI. Sir, what are other categories of training besides mandatory or job-related?

Mr. McLURE. I think there is a third category we use in that request, but the actual title we use for it at this point escapes me.

Mr. BORSKI. Mr. Chairman.

Mr. ANDERSON. Is that it?

Mr. BORSKI. Yes.

Mr. McLURE. I will be happy to supply the training requests, the device we use for the record, if you wish.

Mr. BORSKI. Yes, I would appreciate that, sir. Thank you.

[The following was received from Mr. McLure:]

CATEGORIES OF TRAINING

CATEGORY 1, MANDATORY

Mandatory training is training required for a position by regulation, order, certification requirements, or service announcement.

Definition. A training requirement is considered a category 1 (mandatory) requirement when there exists a specific regulation, order, certification requirement, or service announcement which declares the course as mandatory, not just for the individual in question, but for any incumbent of that position.

CATEGORY 2, JOB REQUIRED

This includes training required for a position for minimal operational efficiency, but not specifically required by regulation, order, certification requirement, or service announcement.

Definition. A training requirement is considered a category 2 (job required) requirement when no incumbent of a specified position can minimally perform his/her official duties without the specified training.

CATEGORY 3, HIGHLY DESIRABLE

This includes training required for the position for optimum efficiency of operation.

Definition. A training requirement is considered a category 3 (highly desirable) requirement when training is required not just for the individual but for any incum-

bent of the position. This category is used when there is no other practical way for any incumbent to achieve optimum operational efficiency except by attending this training.

CATEGORY 4, PERFORMANCE IMPROVEMENT

This includes training required to improve an individual employee's job performance.

Definition. The requirement for training depends on the needs of the individual rather than the position. Some individuals in a particular position may need the training to improve performance in their present job while others in the same position may not. Although no specific performance problem exists, an employee's overall performance could be improved through appropriate category 4 training.

CATEGORY 5, CAREER IMPROVEMENT

This includes training which prepares an individual for future responsibilities.

Definition. The only difference between this category and category 4 is that career improvement training prepares an individual for potential future responsibilities while performance improvement training deals with responsibilities of the present job.

CATEGORY 6, REIMBURSABLE

Definition. This category includes training required by individuals in reimbursable positions.

CATEGORY 7, SPECIAL

Category 7 is used to meet unique needs of individual programs.

Definitions. The use of this category must be authorized by the Strategic Planning, Policy and Budget Staff, AHT-10, in order to meet the unique needs of individual programs.

Mr. ANDERSON. We are not quite through with our questions. We have about five or six more.

We will go vote and be back in about 20 minutes and finish the last six questions up.

At this time, we will stand in recess.

[Recess.]

Mr. ANDERSON. The meeting of the committee will come to order.

Mr. McLure, please explain whether or not you agree with the GAO's testimony that was presented this morning?

Mr. McLURE. I agree that training is a high priority in FAA, that FAA needed to do many things to deliver training more efficiently and effectively.

I agree that the Flight Plan for Training was an ambitious plan where we tried to identify the things we needed to do, and also that the funding that we had reasonable expectation of when we put the Plan together did not materialize the way we thought it would, and as a result, that we need to re-size and re-scale what we are going to do.

GAO suggested that we have priorities identified so that if we don't get the money we expect, we are able to spend it, the money we have, most effectively.

I believe we have done that. What we didn't do was put it in writing, and as we re-frame the Plan, I believe we will put it in writing so that GAO can see it, along with us.

We do agree with their observations about contract administration. We agree that we need to do that effectively, and we are working hard to be sure that we do it as effectively as we can.

Mr. ANDERSON. Mr. McLure, the GAO testimony says that you cannot readily determine the total amount of funds spent for training. Now, do you agree with this, and if so, what, if anything, do you plan to do about it?

Mr. McLURE. Yes, I do agree with that. That doesn't mean that it cannot be done.

I think it's difficult to do readily. What we are doing about it is creating, as part of the Flight Plan, a training management information system that will help us track the money that is spent locally on training.

Basically, that is it.

Mr. ANDERSON. Mr. McLure, can this committee expect a series of future revisions of a flight plan similar to FAA's national aerospace plan, and as a series of cost schedule and performance slippages?

Mr. McLURE. Well, I prefer to look at it differently, and I guess I need to talk with you a little bit about this.

The Flight Plan for Training represented a host of things that FAA needed to do, and that historically in FAA had not—FAA had not been able to attend to the way it should.

We also needed to have a Flight Plan in order to create a sense of urgency inside FAA, in order to provide a basis for requesting money from the Congress, in order to provide a basis for moving money around the FAA so that we could do the things that we had to do.

Some of what was in the Flight Plan we knew going in was uncertain, although the Flight Plan was based on expert advice that we had received as a result of a number of studies that we had done.

So to say that the fact that we are revising the Flight Plan as we learn more is—represents a series of cost revisions and slippages and so forth, you know, I guess I don't feel that same way about it.

Nevertheless, as I learn more, if I find, for example, that one approach to training is more effective than another that we have identified in the flight plan, I wouldn't hesitate to change the Flight Plan in order to use the better method.

I think that is exactly what we talked about this morning when we talked about how to do simulation for air traffic control. Radar air traffic control is an example of a kind of work that can be very accurately simulated, and we knew that going in.

We believed that you would have to support that simulation in large facilities with main frame computers. What we have learned over the past year and a half is that you probably can support adequate simulation with desk top or small computers, and therefore can distribute it to buildings that you already own instead of building buildings for main frames.

That is a lot cheaper approach. It would be irresponsible for me not to change the flight plan to recognize that.

Mr. ANDERSON. Mr. McLure, your testimony states that you expect the flight plan revision process to end in September. When did the revision process begin, and will contingency plans be developed as recommended by the GAO in the event that all requested funds are not received?

Mr. McLURE. The statement said the revised flight plan will be published in September. We actually expect to get approval from the Administrator this month. We began that revision process last Fall.

One of the Administrator's, the current administrator's first reactions to the Flight Plan was, after going through his first budget cycle, his reaction was, based on the current budget realities, we probably are not going to be able to support the plan as you framed it.

Now, the cost of the Flight Plan depends on several things. It depends on how rapidly you try to do the projects in the flight plan. We were using—we were targeting the delivery of some of the—the ISSS, which is some of the Plan equipment, as a reasonable target to try to accomplish the things that we were talking about.

A couple of things have happened since then. That delivery date has slipped, to give us additional time, but in addition to that, I think the Administrator is willing to say that we simply are not going to be able to afford to accomplish all that stuff by then, so we are going to have to accomplish only particular things by then.

We will, in the revised Flight Plan, identify our priorities. Those priorities are fairly simply stated. GAO already gave them to you, and I presume they got them from our draft work.

And that is things that maintain safety and security in FAA, and things that we believe will save us a lot of money.

Mr. ANDERSON. Mr. McLure, could you explain the extent of project revisions and why they are necessary?

Mr. McLURE. Sure. They are necessary because I think our experience has been that we are not going to be able to support financially all the things that we wanted to do.

In addition, they are necessary because as we learn more about the technologies that we are anticipating, we find better ways to do things. And I think air traffic simulation is a good example of that.

Another good example is the fact that we are revising our air traffic control training curriculum, and at the same time, we are exploring to see whether institutions outside FAA can provide air traffic controller training for us.

If we find that we can do that outside FAA, then some of the curriculum development I have been talking about may not be necessary.

Nevertheless, I am unwilling to forego the curriculum development because I don't know for a fact that the training outside FAA will be effective.

Mr. ANDERSON. Mr. Owens, the FAA has contracted for training at Chicago O'Hare, and is considering expanding its contract further to include additional terminal facilities such as the New York TRACON facility.

Why is it necessary to have contract training at facilities such as O'Hare and New York TRACON when the FAA is now attracting large numbers of experienced controllers to these facilities through its pay demonstration projects?

Mr. OWENS. Well, first of all, we are not attracting large numbers of employees into the pay demo facilities. We have increased the number of employees interested in going to these facilities, but they are by no means large numbers.

More importantly, I think, is the fact that when certified air traffic controllers go into the training department to perform training work, they are taking an experienced air traffic controller off of the control room floor into a training environment.

Generally the controller spends about a year to a year and a half in that environment and then moves on to another environment which may be a supervisory environment.

One of the things we found is being an outstanding controller does not necessarily make you an outstanding instructor, that there are certain skills that are necessary in order to do that, and a lot of times they are just not compatible with each other in individuals.

So one of the things we have found, even though it smacks in the face of some of the supervisors who said, and managers who have said that they are not satisfied with contractor training, that the training, the quality of training has actually improved since the contractor had started it.

Those managers, by the way, in saying that they weren't satisfied with what was happening there is an indication that they, themselves, aren't aware of what their role is in contract management, and they are now, by the way, because those facility managers, in fact, had control to discuss with the contractor what wasn't being performed to their satisfaction and get it changed on the spot.

That is being done now, and I believe that if those same folks were queried as to the quality of training in their facilities, that their answer today would be somewhat different.

Mr. ANDERSON. Mr. McEwen.

Mr. McEWEN. Thank you, Mr. Chairman.

The contract at O'Hare training, are those approved by the Chief Counsel for the Administration?

Mr. OWENS. The contract itself is reviewed internally within the FAA, yes.

Mr. McEWEN. I am just trying to see if there is a correlation between the person who said you cannot recover any funds and the person that approved it in the first place.

Mr. OWENS. Oh, okay.

Mr. McEWEN. It's the same shop?

Mr. McLURE. Probably not.

Mr. OWENS. And I don't know. Again, it was done in—

Mr. McEWEN. There are about three things that I want to lead with here since we are about done, and I think I can start with one of them.

Somebody ought to have a responsibility for approving contracts. Just because a person gets a pay check from the FAA—there ought to be some place centrally located whereby contracts for the FAA should filter through. There should be some oversight, Number One.

Secondly, it appears to me that there ought to be some place where training should be localized so that everyone who wants to set up a training program, there ought to be some correlation.

We not only cannot find out who, where, we cannot tell you how much or when. Now that, to me, is absolutely abominable, and I would be embarrassed to death to say that we are running the

most critical life blood of our country in which the leadership of our Nation academically, politically, every other way is in our hands, and we cannot even tell you who is training or how much or where.

Thirdly, I would say that all safety-related occupations in the FAA should be somehow coordinated. Those who are responsible for the inspectors and that sort of thing, there should be some basis whereby one person can oversee that that is being done.

Those are three things that would be little take-home tabs that I would like to leave with you. I am sure there are abundant reasons as to why we do it in this manner, but common sense would tell me that there ought to be a little better oversight.

Mr. McLURE. I would just like to say that we absolutely agree with you. We are moving as rapidly as we can to accomplish all of those three things.

Mr. McEWEN. Well, that is great.

Mr. OWENS. I might also add that in the O'Hare contract, that provision of the contract, we have—since we realized the problem we were having, we have designated one single person whose sole responsibility is to oversee that contract within air traffic. And that is part of the reason why there has been improvement in that area.

Mr. McEWEN. Well, there ought to be a level below which people cannot sign contracts obligating the FAA, and so now let me give you an example. GAO said that a key project for the flight plan where the contractor was to develop a screening proposal for the FAA, the seven month study cost a mere \$650,000, and most of it has had to be redone.

The contractors methodology is described as illogical, technically inaccurate, and is now a year behind schedule which should fit within FAA criteria, as we assume there are no supervision evidently over these kinds of contracts.

I repeat, there is no shop that someone reviews these contracts?

Mr. McLURE. Yes, there is, and actually—

Mr. McEWEN. But not a centralized place.

Mr. McLURE. That contract was administered as part of the contract that we have at the Academy in Oklahoma City. It's part of—you know, it was a part of that contract, and it's overseen by the people that administer that contract in Oklahoma City.

Mr. McEWEN. Are there performance criteria whereby it can recoup, or not?

Mr. McLURE. There were performance requirements in that contract. The contractors provided us deliverables monthly, which we reviewed. The nature of the contract was that we were not able to determine the application of the contractor's expertise until they summarized the information they were gathering.

At the point that the contract called for that to be summarized, we did evaluate it; and that is why GAO and you know about the results that you do, because—

Mr. McEWEN. Is anybody ever held accountable for choosing these people and spending money for things that aren't any good?

Mr. McLURE. Surely.

Mr. McEWEN. Who?

Mr. McLURE. In that particular case, I am accountable for that. And there is an explanation to why we did it and what we got out of it. And I don't agree that it's a total loss.

Mr. McEWEN. Probably not or you wouldn't have signed it.

GAO further said that FAA hired 300 inspectors in 1989, but did not have the instructors or the space to train them.

Is that true?

Mr. McLURE. They are talking about our flight standards inspectors, I believe. And we do not have space to train all the inspectors we hired when we hired them.

We do have space to train them over time, which is what we did. Inspectors are a bit different than air traffic controllers. Inspectors are people who are already skilled, either as mechanics or pilots, and it's not that they come to FAA unable to do their jobs from the start.

So they are able to function effectively as inspectors, even before we—

Mr. McEWEN. They are trained.

Mr. McLURE. Yes.

Mr. McEWEN. Is this part of the hiring end of the year?

Mr. McLURE. Yes.

Mr. McEWEN. Fantastic.

You made in your testimony statements about the fact that people didn't show, and that you are developing a system whereby you would keep track of that sort of thing so that wouldn't happen any more.

Anybody ever think about taking attendance?

Mr. McLURE. That is how we know.

Mr. McEWEN. Fantastic.

I knew the FAA would come to that eventually.

Mr. BORSKI. Mr. Chairman, I have a statement from Mr. Mineta to be made part of the record.

Mr. ANDERSON. No objection.

[The statement of Hon. Norman Y. Mineta follows:]

STATEMENT OF NORMAN Y. MINETA, M.C.

Thank you, Mr. Chairman. I applaud your decision to hold a hearing on this very important issue.

There is no more important aviation issue to the American people than safety.

And the American people look to the Federal Government and their elected officials to ensure that our aviation system is capable of addressing safety concerns and needs.

As a frequent flyer, I have spent a great deal of time with the men and women that are working to keep our skies safe. I have confidence in their abilities. They are dedicated to making this system work.

Consequently, it is especially frustrating when I receive reports of substandard management and supervision of the FAA's training programs. These are the very programs that are supposed to be keeping our aviation facilities and safety-related workforce on the cutting edge of innovation and technology.

Air travel in the United States has grown far beyond the expectations of a generation ago. I understand that the air traffic control and maintenance needs are extremely complex. But that is all the more reason to ensure that the FAA dramatically improves its current training management.

I look forward to hearing from today's witnesses. It is essential that we identify the deficiencies in the training for the FAA's safety personnel. Most importantly, we must develop and monitor implementation of corrective procedures in a problem-plagued training system.

Mr. BORSKI. And I have one direct question, and perhaps I can submit a few more for the record, due to this vote, rather than keep the people here further.

But Mr. McLure, I would like to follow up on your earlier line of questioning and ask the FAA directly to ask SRSA to show good faith and volunteer to repay some of the \$600,000 and to ask you to provide SRSA's response for the record.

Mr. McLURE. All right.

Mr. BORSKI. Thank you, sir.

Mr. Chairman, the rest of my questions I will submit in writing.

Mr. ANDERSON. No objection. So ordered.

And with that, we will stand adjourned, because we are going to vote; and that was the last question anyway. So we stand adjourned.

[Mr. Borski's questions with responses appear on page 86.]

[Mr. McLure's statement appears on page 60.]

[Whereupon, at 2:30 p.m., the subcommittee was adjourned.]

PREPARED STATEMENTS OF WITNESSES

STATEMENT BY RAYMOND J. DECARLI
ACTING DEPUTY INSPECTOR GENERAL
OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF TRANSPORTATION
BEFORE THE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES

JUNE 6, 1990

Mr. Chairman and Members of the Subcommittee on Investigations and Oversight. I appreciate the opportunity to be here today at your Hearing on the Federal Aviation Administration (FAA) training programs for air traffic controllers, safety inspectors, and maintenance technicians. With me is Mr. Wilbur L. Daniels the Office Director for Aviation, Marine, and Research Programs.

As you requested in your May 24, 1990 letter, my testimony this morning will focus on our audit report concerning Contracting for Air Traffic Controller Training at Chicago O'Hare International Airport. This report was issued in March 1990. Before going into the audit results, I would like to provide some background on the FAA training contract and why this audit was performed.

Background

In Fiscal Year 1986, FAA decided to contract for training functions at the 22 air traffic control (ATC) centers. FAA's strategy was to eliminate the Government positions used for training and reallocate the vacancies to air traffic controller positions. Consistent with this decision, in April 1986 FAA issued a cost-plus-fixed-fee contract for training to the Small Business Administration (SBA) and its subcontractor Systems, Requirements, and Services Associates, Incorporated (SRSA).

In October 1988, FAA modified this contract to provide ATC terminal field facility training at Chicago O'Hare International Airport. FAA needed additional air traffic controllers at O'Hare and felt that contracting for training would allow them to increase the number of full performance level controllers at that facility.

In the Spring of 1989, Senator Paul Simon received a list of 22 allegations of improprieties by FAA and the contractor. Senator Simon forwarded the list to our office in April 1989 and requested that we review these allegations. Rather than evaluate each one of them, we categorized the 22 allegations into four general areas. We met with the Senator's staff on several occasions to discuss the audit and agreed that the allegations would be sufficiently addressed by answering four audit objectives. In accordance with this agreement, our audit was done to determine if the contract with SRSA was awarded in accordance with existing regulations and to evaluate contractor personnel qualifications and performance, the adequacy of contract specifications and requirements, and the adequacy of FAA's contract administration.

The audit was conducted at FAA Headquarters, Chicago O'Hare International Airport, and SRSA headquarters in Arlington, Virginia. The audit period covered training from the time the contract was modified to include training at O'Hare International Airport (October 1988) through July 1989.

I will now discuss our conclusion for each audit objective.

Contract Award

The contract with SRSA was awarded as a section 8(a) small business set aside by SBA. We requested the Inspector General of SBA to assist us in determining if the contract was awarded in accordance with existing regulations. He advised that the contractor met the definition of a socially and economically disadvantaged firm. The firm self-marketed itself to FAA, and it is SBA's policy to award contracts to firms which successfully self-market and are qualified to perform. Based on the information, we concluded that the contract was properly awarded.

Contractor Qualification and Performance

We found that contractor personnel were not qualified to provide the training specified in the contracts. Rather than providing training to FAA personnel, the contract instructors were being trained by FAA personnel. At the time of our audit, which was 10 months after the contract was awarded, the contractor had not assumed the training functions and had been unable to certify its staff as instructors. There were four separate terminal radar approach control courses and two tower courses at Chicago O'Hare. Between November 1988 and June 1989, there were 28 classes in these six courses. A certified contract instructor conducted one of the classes.

Although the contractor had not provided the required training, FAA paid the contractor \$600,000. Of this, \$361,000 was for 25,317 labor hours and \$239,000 was for travel, equipment, overhead, and fixed fees.

We believe the contractor was unable to provide the required training for two reasons. First, the contract instructors lacked relevant controller experience at similar facilities and none had recent Chicago O'Hare experience. Of the eight instructors originally hired by the contracts, five had never worked at O'Hare and only one of those was in a position of controlling traffic in his last FAA-related job. Of the three who had O'Hare experience, none had worked there since 1973. Second, contract instructors could not be rapidly trained as the contractor's August 1988 unsolicited proposal stated. The contractor's proposal to provide training for Chicago O'Hare stated that the contractor would use experienced, retired ATC personnel who were qualified as instructors, or who could be rapidly trained. Further, the contractor's proposal stated that they had an FAA-wide recruitment system that could be responsive to any need for technical support. Obviously, this was not the case.

Contract Specifications and Requirements

We concluded that FAA's Contract Specifications and Requirements were not adequate. This deficiency was a major contributing factor to the contractor's nonperformance and FAA's payment for training that had not been delivered.

The contract had three flaws. First, it did not establish a date for the contractor to assume responsibility for the training functions. Second, it did not specify a limit on the amount of training that would be provided to contract instructors. Third, it did not limit the number of contractor personnel that FAA would train.

- o Rather than specify in the contract the dates that the contractor was to assume the training functions, a Training Transition Implementation Plan was prepared. The plan was signed by the Chicago O'Hare air traffic manager and the contractor site manager on November 25, 1988. The plan indicated that classroom training was to be assumed by April 1, 1989. The contractor did not meet this date and the air traffic manager said that date was only a target date. The plan was not an enforceable contract provision.
- o The contract did not include a provision on the number of contractor personnel that FAA would train. At the time of our review, there were 22 contractor personnel at Chicago O'Hare. Prior to the contract, FAA was performing the training functions with 13 FAA personnel.

Contract Administration

FAA personnel responsible for contract administration functions were not provided training or guidance on the oversight of the contract. The lack of guidance on contract oversight resulted in the contractor performing functions that were not specified under the contract. For example, the technical representative and the facility manager permitted the contractor to participate in the an employment screening process for FAA controllers seeking transfers to Chicago O'Hare. Only the contracting officer has authority to change the contract's statement of work.

Contract administration functions also needed improvements in the area of evaluating contractor performance. In January 1989, an internal evaluation critical of contractor performance was prepared. It was not provided to the contracting officer or other FAA officials because Chicago O'Hare officials were of the opinion that the contractor was still in a transition period.

FAA has recently taken steps to improve contract administration problems. A new Headquarters technical representative was designated on August 1, 1989 and a liaison officer training conference was held during October 1989. FAA is currently drafting an order which will establish responsibility for performing evaluations of the training contractors.

To correct the problems identified on the audit, we made six recommendations.

We recommended that FAA:

1. Revise the statement of work to clarify the phrase "area familiarization and certification training" as it relates to area of specialization within the terminal option. A contractor employees's area of specialization at a minimum relates to relevant experience at a similar facility.
2. Revise the statement of work to establish that area familiarization and certification training for contract instructors who have not worked in an operational position for 1 year or more at an ATC facility will be at the expense of the contractor.

3. Coordinate action with the SBA to seek recoveries from the contractor for:
 - a. Nonperformance for contract tasks in which contract employees lacked relevant experience and were unable to obtain certification as instructors within a reasonable period of time, and
 - b. Costs paid for the training of the contractor's employees who resigned and for those employees that took courses for which they did not receive certification.
4. Before awarding any future contracts or exercising options for controller training, conduct a survey for each new location to determine that there are available personnel with relevant controller experience.
5. Modify the training contracts to include the following terms and conditions before any future options are exercised:
 - a. Establish and specify a date for which the contractor will assume full responsibility for the training functions.
 - b. Establish the certification process for contract instructors.

- c. Require the contract officer's technical representative to consult with the training manager and facility manager at each location to establish a limit on the number of contract employees authorized at each facility.
 - d. Eliminate the requirement that the contractor must provide the facility manager a list of instructor nominees.
6. Improve contract administration by:
- a. Providing detailed instructions to the contract officer's technical representative and technical liaison officers on their duties, responsibilities, and authority.
 - b. Conducting evaluations of contractor performance 3 to 6 months after contract options are exercised and yearly thereafter.

FAA concurred or partially concurred with most of the recommendations. The more significant corrective actions FAA plans to initiate relate to future contract activity. FAA has agreed to establish a certification process for contract instructors, limit the time the contractor can take to certify new instructors, establish dates for the contractor to assume responsibility for training at each facility, and perform a survey of available personnel at each new location before awarding any future contracts or exercising options for controller training.

FAA did not agree to require that all contract instructors have relevant experience in a similar facility, to seek recoveries from the contractor for nonperformance, or to limit the number of contract employees authorized at each facility. After reviewing FAA's response, we still believe that these recommendations are valid and should be implemented. Consistent with our policies, we requested FAA to reconsider their position and provide their final response to us within 60 days of the date of our report. FAA's response was due on May 13, 1990. We have not received the response. If the response is not received by June 13, we will forward the report to the Department's designated resolution official for action.

Mr. Chairman, this concludes my prepared statement. I will be happy to answer any questions that you or the Members of the subcommittee may have regarding this report.

Thank You.

STATEMENT OF HERBERT R. McLURE, ASSOCIATE ADMINISTRATOR FOR HUMAN RESOURCE MANAGEMENT, FEDERAL AVIATION ADMINISTRATION, BEFORE THE HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT, CONCERNING FAA TRAINING PROGRAMS. June 6, 1990.

Mr. Chairman and Subcommittee Members:

I am pleased to be here with you today to discuss the three subjects you had requested; (1) the status of our Flight Plan for Training; (2) the process we use to determine our training requirements; and (3) our use of contractor-provided training for controllers. Appearing with me today are Mr. Robert R. Owens, Deputy Associate Administrator for Air Traffic and Mr. David B. Carmichael, Deputy Director of the Monroney Aeronautical Center, in Oklahoma City.

FLIGHT PLAN FOR TRAINING

The FAA work force is unique. Approximately 50,000 highly skilled men and women are deployed throughout the world. Eight out of nine are in safety related jobs or directly manage those people or programs: they are the air traffic controllers who handle aircraft; they are the airway facilities technicians who maintain the array of communication and radar systems needed to help air traffic move safely; they are the aviation safety inspectors, who make sure pilots and mechanics are well-qualified and doing their jobs properly; and are the civil aviation security inspectors who oversee the security provided the traveling public by U.S. air carriers throughout the world.

The United States has the world's busiest, most complex, and safest aviation system, and our ability to maintain it is only as good as our highly skilled and technical workforce. Extraordinary demands are being placed on our training systems because traffic is spiraling upward and at the same time, we are entering a period of significant technological transition resulting from the National Airspace System (NAS) Plan modernization, which is well on the way. Our training system has strained to keep pace, and although we provided more than 65,000 training enrollments at the at the FAA Academy in the last three years, we still fell short of meeting our training requirements.

To find ways to produce more training at a lower cost, we reviewed our training system from top to bottom and developed a comprehensive, integrated training plan called the Flight Plan for Training, which we published in January 1989. It has 47 projects organized into eight areas, which I would like to briefly outline.

1. Office of Training and Higher Education - We established a new Office to be the single point of accountability for FAA training and to better manage and control training resources. This Office has already found better ways to manage FAA's training travel funds and has revised our policy for administering FAA's training program.
2. Recruitment - To attract the best applicants for FAA

positions, we have hired full time recruiters in our regions and developed a strategic recruitment plan for Fiscal Years 1990-1993.

We have also made significant progress in streamlining our hiring process for air traffic controllers and reduced the time it takes by 90 percent, and we are working with the Office of Personnel Management to conduct a task analysis to more effectively identify the skills we need to operate and maintain our new NAS Plan equipment.

3. Academic and Industrial Ties - We are exploring a variety of ways to take advantage of the educational expertise that exists in private sector corporations and academic institutions. For example, we have established pilot programs with Hampton University and the Mid-America Aviation Resource Consortium in Minnesota, to determine whether they can successfully recruit, screen and train people to be air traffic controllers. If they can, FAA can reduce what it spends on these efforts and focus more attention on other needs.

We also began a series of training symposia in Oklahoma City, in December, 1989. The first centered on air traffic controller training and was attended by several hundred participants from private industry, academia, and other government organizations. Our second symposium will

focus on training for aviation standards inspectors, electronics technicians, and airports program personnel. It will begin on June 12 in Oklahoma City.

In addition, we have a growing body of 42 colleges and universities with FAA-approved Airway Science Curricula and we have a number of successful cooperative education agreements with colleges and universities around the country. The employees we obtain through these programs typically do significantly better in initial training and screening than people we recruited through our normal channels.

4. Air Traffic Control Screening - Because it is very costly for FAA to train an air traffic controller, we must ensure that the people we hire have the aptitude they need. The method we presently use is effective but expensive both in human and financial terms. It involves 14 weeks of rigorous effort at our Academy, and only about 60 percent of the people we put through it succeed. We would prefer to find an easier, cheaper way to get the same result, and have begun needed research. We used an existing contract at our Academy to determine whether an "off-the-shelf" method existed, but after concluding there was not a quicker path, we have solicited proposals for designing and validating a new screening method that will involve 5 or fewer days and can occur before a person is hired as an

FAA employee. At the same time, we are enhancing our capability to seek and find talented recruits by using better recruiting methods and involving other institutions, as I have already mentioned.

5. Improved On-The-Job Training(OJT) - We are improving OJT by selecting the best people to be OJT instructors, training them effectively, and providing them standardized course material. We have already developed and implemented a new approach for air traffic OJT. Training, evaluation, and certification are now done by different people, allowing the OJT instructor to concentrate on providing the best training possible. Training courses have been developed for OJT instructors and examiners to support the new approach, and instructors are rewarded for the number of trainees that succeed in becoming Full Performance Level controllers.
6. Improve Training Curricula - Training curricula for all safety-related occupations will be given a top-to-bottom overhaul to obtain better training at lower cost, reduce the training burden on operations, and decrease the time required for developmentals to achieve full performance level status. To do this we will scientifically analyze job requirements and associated cognitive skills and increase the use of advanced training technology such as part-task trainers and high-fidelity simulators.

7. FAA Academy/Center of Excellence - We will deliver more effective training at the Academy in a shorter time and at a lower cost by attracting the best people for instructor positions, obtaining state-of-the-art equipment and facilities, and improving quality assurance and productivity.

We have already acted to enhance our corps of instructors. In order to attract our top guns to teach at our Academy, we raised instructor pay to be equal to what we pay full performance level personnel in the field. At the same time we improved our process for screening and selecting instructors, and instructor experience is being credited as a valued career move.

8. Center for Management Development (CMD) - We think our Center for Management Development in Palm Coast, Florida is one of the best of its kind in Government. The management training we provide there was accredited by the Southern Association of Colleges and Schools in May 1989, and our relationship with other academic institutions and private sector organizations help provide the most current management thinking available.

As part of our Flight Plan, we have reviewed both the resident and non-resident training offered by CMD and have revamped the entire management curriculum to assure that

it is in keeping with the strategic thrust of the agency. We also installed a satellite downlink to permit our students to communicate directly with the Administrator and other top officials.

The Flight Plan for Training is an ambitious agenda and, as you can see, we have already accomplished a lot. But changing a large organization takes time and effort. We were able to support several of the highest priority Flight Plan projects with \$5.5 million in Fiscal Year 1989 and another \$13.4 million in Fiscal Year 1990 even though we experienced many setbacks in the budget cycle. For example, various Congressional actions, the Gramm-Rudman-Hollings situation, Drug Program reductions, and other internal reprogramings such as the cost of the unfunded pay raise, cut into our projected 1990 spending for the Flight Plan. We are now revising the Flight Plan to bring it more into line with our budget realities. We expect to have the revision approved and published by the end of September. It will still represent the full range of improvements we need for our recruitment and training programs, but it will be better tailored to resource availability.

While the Flight Plan is very important to FAA, we do not want anyone to overlook our efforts to extend our present training program to meet our immediate safety needs. We have been providing record levels of training for the past several years at

a steadily declining cost per student. For example, we trained nearly 50 percent more students in 1989 than we did in 1987. Despite this dramatic growth we have been unable to keep up with all our needs -- GAO recently reported that significant numbers of our inspectors have not received the training we require for pilots outside the FAA. Similarly, we were not able to provide all the training we needed to replace Airway Facilities electronics technicians who retired or moved to other locations.

However, despite shortfalls in meeting our training requirements, we are providing an adequate level to ensure that our safety workforce is fully capable of maintaining the safety of the system.

ESTABLISHING TRAINING REQUIREMENTS

Because training is vital to FAA's continued success, we take care that what we identify as training requirements actually represent FAA's training needs, and we recently evaluated the process by which we estimate training requirements. FAA's Deputy Associate Administrator for Appraisal directed the evaluation and, while he confirmed that our process produces reliable estimates, he recommended 52 ways we can strengthen it in a report released on March 21 of this year. We are currently working to implement the report's useful recommendations.

CONTRACT TRAINING FOR CONTROLLERS

I would now like to address the issue of contract training, particularly the O'Hare Training Contract, the Office of Inspector General's (OIG) Report, and the actions we have taken as a result.

In 1986, partially in response to Congressional concerns about the low numbers of full performance level (FPL) controllers, FAA's Administrator decided to try to relieve controllers from as many staff responsibilities as possible, including developmental controller training. As a result, FAA awarded two Cost Plus Fixed Fee contracts under the authority of Section 8(a) of the Small Business Act, to provide air traffic controller training services at each of our twenty-two Air Route Traffic Control Centers. The two contracts were identical except for the specific enroute centers assigned to each contractor. In October 1988, we modified one of the training contracts to provide air traffic control terminal field facility training at Chicago O'Hare. Our rationale for doing so was the same -- to free our FPL controllers from duties other than controlling air traffic.

In March of this year, the Department of Transportation's Office of Inspector General (OIG) issued a report focussing on the adequacy of the O'Hare contract specifications and requirements, and our contract administration. The OIG reported that the contractor after 10 months at Chicago O'Hare had made limited

progress in assuming responsibility for specific training functions and had difficulty in certifying its staff as instructors. Also, contract instructors were charging direct labor to the contract for time they spent being trained by FAA controllers. The OIG concluded that these conditions occurred because (i) contract instructors lacked relevant controller experience, (ii) contract specifications were not adequate and contract deliverables were not established, and (iii) personnel responsible for contract administration functions were not provided training or guidance on the oversight of the contract.

The report stated that FAA incurred approximately \$600,000 in contract costs from October 10, 1988 through July 30, 1989, while still providing its own training, and that since Chicago O'Hare is the first terminal facility for contractor training, these problems need to be corrected before FAA exercises contract options for training at other sites.

The OIG report made a number of recommendations, and we have adopted all but one. The recommendation we did not adopt called for us to coordinate with the Small Business Administration (SBA) to seek recoveries from the contractor for nonperformance for contract tasks in which the contract employees lacked relevant experience or were unable to obtain certification as instructors within a reasonable period of time. However, the contract did not define the parameters of relevant experience required for former

air traffic controllers, and there were no milestones or schedules in the contract that would have required the contractor to have instructors certified within a certain period of time. Both our Chief Counsel and the SBA have advised us that recovering the money is not feasible.

I would like to assure the Subcommittee that we take the OIG's report seriously and are making fundamental changes to the way we go about contracting for controller training to avoid future problems. For example, we will soon be issuing a contract modification which will require a detailed transition plan with approved milestones before any contractor can begin training at any terminal radar approach facility. Similarly, the FAA will only accept contractor personnel in specified numbers for training, and with documented appropriate experience subject to formal certification. We also will require that work specifications state exact performance criteria, including but not limited to transition plans with milestones. Finally, since the OIG report was issued, the contract staff at O'Hare has assumed the training functions listed in the contract and all instructors have been certified.

In conclusion, Mr. Chairman, I would like to emphasize that the FAA's primary goal is safety and that we are committed to maintaining and improving the safety of the national airspace system through improvements in both technology and workforce

skills. The FAA takes seriously its safety responsibilities and is committed to the adoption and use of training approaches that will provide the most highly skilled workforce possible to meet the challenges of the future.

That completes my prepared statement, Mr. Chairman. My colleagues and I will be pleased to respond to any questions you may have.

United States General Accounting Office

GAO

Testimony

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Serious Shortcomings in FAA's Training
Program Must be Remedied

Statement of
Kenneth M. Mead
Director, Transportation Issues
Resources, Community, and Economic
Development Division

Before the
Subcommittee on Investigations
and Oversight
Committee on Public Works and
Transportation
United States House of Representatives



Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to appear before the Subcommittee to discuss the training of the Federal Aviation Administration's (FAA) safety-related work forces, primarily air traffic controllers, aviation safety inspectors, and maintenance technicians. A well-trained FAA staff is absolutely essential to having an efficient and safely-functioning air traffic control system and to ensure the safety of the flying public.

You specifically asked us to evaluate FAA's progress in implementing its training modernization effort--Flight Plan for Training. In addition to assessing the Flight Plan, we identified two other issues--contract training and class scheduling and attendance--which impact FAA's ability to effectively train its workforce. Our testimony today completes the work you requested. Our specific findings are as follows:

-- FAA's training needs are extensive and are probably greater today than at any other time in the agency's history. FAA has one of the largest and most diverse training programs in the federal government. Last year alone, about 28,000 employees attended training. Moreover, the influx of large numbers of new staff, coupled with the modernization of the air traffic system and the new

requirements for safety inspection, dictates an even greater need for new training curricula and for improving the way in which training is provided to FAA's safety-related work forces.

- FAA's Flight Plan for Training, a \$406 million, 6-year, training modernization program, has made little progress. This plan has received limited funding and, although only in its second year, is already being significantly revised in part because some projects were not well thought out and may not be needed.
- FAA internal appraisals and Department of Transportation (DOT) Inspector General audits have found cases in which, because FAA did not evaluate training contracts promptly, specifications and contractor performance were not adequate, and scarce training dollars were wasted.
- FAA is not fully using its existing training capability because it has not established clear accountability for class attendance. Faced with training backlogs and tight budgets, the agency can ill afford having large numbers of "no-shows" and failing to enroll employees in scheduled courses.

The remainder of this statement discusses our findings in more detail, and our recommendations on what needs to be done to help get FAA's training program back on track.

FAA HAS EXTRAORDINARY
TRAINING NEEDS

To address its safety-related work force training needs, FAA has instituted one of the largest and most diverse training programs of any federal agency. FAA's centralized training budget was \$133 million in fiscal year 1989 to train about 28,000 employees, including controllers, technicians, inspectors, engineers, and support personnel. This diversified training encompasses such areas as flight training on the latest aircraft, air traffic equipment maintenance, and clerical and human relations training.

Moreover, each of FAA's safety-related work forces face major changes that will further heighten the need to obtain new skills and improve current skills. More than 5,000 new controllers are being developed to control air traffic. The entire 17,000 member controller work force, including its new controllers, will have to be trained to operate new systems, which are coming on line as part of FAA's modernization effort, as well as receive refresher training on existing systems.

The inspector work force is faced with applying new inspection methods that will be required to assess aging aircraft--a significant challenge since about 50 percent of the commercial jet transport fleet is 15 years old or older. The inspectors will also have to certify new aircraft that are being introduced into the growing fleet and to oversee the industry's implementation of self-audit programs. Furthermore, FAA plans to hire about 300 new inspectors who will require initial training.

FAA's maintenance technician work force faces similar needs. FAA plans to hire about 2,900 technicians through fiscal year 1993. These new hires, as well as FAA's existing work force of about 8,700, will require training on how to maintain new systems that are coming on line through modernization efforts and through the introduction of new technologies.

FAA's training programs have another dimension that distinguishes them from most other agencies: Deficiencies in training safety-related work forces can be life threatening. The National Transportation Safety Board has linked deficiencies in training to impairments in air traffic safety. For example, according to the Safety Board, deficiencies in controller training contributed to loss of life in 1987 midair collisions in Independence, Missouri, and Orlando, Florida. In the Safety Board's judgment, improved radar training for controllers would have prevented these accidents.

I will now discuss several factors impeding FAA's ability to provide sufficient and adequate training.

FLIGHT PLAN FOR TRAINING

In early 1988, FAA recognized that it needed a comprehensive, long-term plan for all of its work forces to meet its recruitment, hiring, and training needs. Accordingly, FAA developed an agencywide, 6-year, \$406 million Flight Plan for Training (Flight Plan), which encompasses 47 projects within eight major areas that involve designing new training curricula, recruiting and screening applicants better, and establishing better ties with academia and industry. Although this plan covered many areas of training, it did not cover certain aspects, such as the current process for determining training needs and problems with class scheduling and attendance. FAA started to implement its plan in July 1988.

To date, Flight Plan progress has been slow--31 of the 47 projects are behind schedule, some by as much as a year. These delays are affecting FAA's ability to meet certain staffing goals, such as those for experienced controllers. For example, in January 1990, FAA projected that it would not meet the congressionally mandated goal of having 12,725 experienced controllers for this fiscal year--falling short by 1,945. This shortfall will occur, in part, because delays in making increased use of simulation for controller

training necessitate heavy reliance on lengthy and costly on-the-job training for controllers.

Several factors are responsible for the Flight Plan being off-track. Shortcomings in FAA's planning and budgeting process and in their contract oversight and specifications are major reasons for the slippages. Some Flight Plan projects were poorly planned and may not be needed. For example, a planned \$169 million project intended to establish several regional radar training centers for controllers was not started because FAA did not fully consider the project's high cost. FAA is now exploring alternatives to meet its need at a lower cost as part of its effort to reevaluate all projects and revise the Flight Plan. FAA expects to complete its revision of the Flight Plan by the end of this month.

FAA also did not have contingency plans to respond to alternative funding levels. For example, the project milestones for FAA's Flight Plan were developed anticipating that the Plan would receive its entire fiscal year 1989 funding requirement of about \$20 million. When only about \$6 million was made available for the Flight Plan, FAA had to determine how to target its limited funds because it did not have priorities for allocating funds to the most deserving projects.

Furthermore, because of the interrelated nature of these projects, the schedule delays are creating a ripple effect. To illustrate,

FAA has a project to improve its curricula for training maintenance technicians and for on-the-job training. This project cannot begin until FAA updates maintenance technicians' job tasks. Since the updating project is already a year behind schedule, FAA cannot begin improving its training curricula. FAA is therefore left without a blueprint for designing the training it needs for maintenance technicians and will have to rely on outdated curricula.

In some cases, the Flight Plan is also experiencing schedule delays due to poor contractor performance. During the initial phase of one key project, for example, the contractor was to research procedures currently used by others for screening potential employees and to develop a screening proposal for FAA's use. But this project is a year behind schedule because FAA did not determine that the contractor's methodology was illogical and technically inaccurate until after the contractor had completed a 7-month study. FAA therefore spent almost \$650,000 on this study, much of which will have to be redone.

I would now like to discuss the two other issues that we identified during our assessment of the flight plan--contract training and class scheduling and attendance.

CONTRACTOR-PROVIDED AIR TRAFFIC FIELD TRAINING

Inadequate contract performance extends beyond Flight Plan projects. Recent GAO, FAA, and DOT Inspector General reports cited inadequate contractor performance, unclear contract specifications, and untimely FAA evaluation of contractor performance regarding contracts to provide current air traffic field training.

As we reported last year, air traffic field managers were concerned about the quality of contractor training provided.¹ For example, since contract instructors were not familiar with current procedures and equipment, some controllers were trained to use air traffic procedures that were outdated and some received poor instruction. To address these concerns, we recommended that FAA evaluate contractor performance.

Two other studies, subsequent to our report, support the need for better FAA evaluation of contractor performance. In one study, FAA found that contract administration was inadequate to ensure that air traffic field training was standardized and that contractor claims were verified. In another study, the DOT's Inspector General found that contract specifications were inadequate and instructors lacked relevant, recent controller experience at the Chicago O'Hare airport terminal. Some instructors had never

¹FAA Training: Continued Improvements Needed in FAA's Controller Field Training Program (GAO/RCED-89-83, Mar. 29, 1989).

controlled traffic at a large facility like O'Hare. Of the three instructors with O'Hare experience, the most recent experience dated back to 1973. In addition, during the first 10 months of the contract, the contractor instructed only 1 of 28 classes and FAA certified only 1 of 10 contract instructors as qualified. In this instance, FAA incurred about \$600,000 in contract costs while training the instructors and basically still providing its own training.

FAA is beginning to come to grips with its contract deficiencies. It has, for example, drafted contract administration procedures to improve oversight, but these procedures have yet to be implemented. Despite these problems, FAA plans to expand contract training to other terminal facilities, such as its New York terminal radar approach control facility.

LACK OF ACCOUNTABILITY

FOR TRAINING RESOURCES

According to an FAA internal appraisal, the agency has no policy for holding managers accountable for the use of training slots and confusion exists about where the responsibility lies for ensuring training. The report stated that, during fiscal year 1989, about 3,500 training slots were not filled through its quota allocation process, while at the same time some students attended classes who were not formally enrolled. FAA agreed that some slots may have

been filled with non-enrolled students, but believed that the agency was not using as much training as it could provide. For example, the Academy--which is FAA's major provider of centralized training--canceled 54 classes due to insufficient enrollments; these classes could have accommodated 850 students. When asked who was accountable for ensuring that the training slots were used, training providers thought that it was the Service Organizations' responsibility--that is Air Traffic, Flight Standards, and Airway Facilities; meanwhile, the Service Organizations thought it was the regions' role, and the regions thought that accountability fell to field office managers.

The importance of filling these seats is illustrated in the following example. In fiscal year 1989, FAA hired 300 inspectors to meet its staffing goal, but did not have either the instructors or the space to train them. As a result, new inspectors had to wait until they could be slotted for training. Of those scheduled for training, there were 41 no-shows and FAA had to cancel two classes due to low enrollments. In April 1990 testimony before the House Transportation Subcommittee, FAA officials stated that about one-half of the 300 inspectors have been trained. Since FAA intends to hire another 300 inspectors this year, it faces a similar dilemma.

Even if all training slots are effectively used, FAA does not have the capability to adequately meet its training needs. For

example, the demand for training newly hired maintenance technicians will outstrip the Academy's capacity in fiscal years 1991 and 1992 when plans call for hiring about 900 and 800 new technicians, respectively. The Academy can accommodate only 640 new hires each year. Although less desirable than academy classroom training, FAA plans to meet the excess demand by using computer-based instruction.

Another problem is FAA's inability to account for training funds. FAA could not tell us the total funds it required and used for training its work forces. Only centrally provided training is identified separately in FAA's budget request. Training provided by FAA regions, by contractors at air traffic facilities, or as part of some National Airspace System (NAS) Plan projects is not identified separately in the budget. To illustrate, one NAS Plan computer system project included costs of \$4.2 million for a contractor to develop and provide initial training to FAA's maintenance technicians.

CONCLUSIONS AND RECOMMENDATIONS

Although FAA is aware of the many problems it faces with its training, implementation of the programs designed to fix the deficiencies has been slow and ineffective. FAA's training program must continue to grow to meet the needs of an expanding work force and the introduction of new equipment and systems. However, about

65 percent of the projects that make up FAA's training modernization program are behind schedule, and FAA did not have contingency plans to respond to alternative funding levels. We believe establishing criteria to determine its project priorities will help ensure that limited funds are directed to the most important projects within FAA's modernization program. Such criteria, at a minimum, should include benefit-cost ratios, mission needs, and safety considerations.

As part of its efforts to provide adequate training, FAA has contracted for controller field training in some locations and plans to expand the contracts to other facilities. However, inadequate FAA contract administration and oversight resulted in unclear contract specification and inadequate contractor performance. As a result, FAA incurred greater costs than necessary to train contractor instructors.

Finally, existing training resources are not being fully utilized because it is not clear who is accountable for ensuring that training slots are used. A clear designation of this responsibility is needed.

To address these concerns, we recommend that the Secretary of Transportation direct the Administrator of FAA to

- develop criteria for determining priorities for its training modernization program, Flight Plan for Training;
- develop performance standards for controller field training contracts with measurable tasks and milestones, and implement them before expanding contracted instruction; and
- clearly designate management accountability for ensuring the use of training slots.

In summary, Mr. Chairman, FAA's training programs are not fully meeting the needs of existing employees and FAA seems to be making very limited progress in its training modernization efforts. In view of the extraordinary training needs that FAA faces, as well as the link between deficiencies in safety-related work force training and impairments in air traffic safety, FAA management must begin to resolve these issues now. Continuing to delay will only increase the potential for safety-related problems to occur.

This concludes our statement. I will be pleased to address the Subcommittee's questions now.

SUBMISSION FOR THE RECORD



U.S. Department
of Transportation
Federal Aviation
Administration

Sub: Borski's questions
WASHDC: 7/24/90

AUG 30 1990

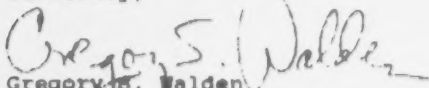
The Honorable Robert A. Borski
House of Representatives
Washington, DC 20515

Dear Mr. Borski:

Thank you for your letter of July 24, 1990, to Herbert McLure,
Associate Administrator for Human Resource Management. Your
letter asked several follow-up questions for the record as a
result of the Investigation and Oversight Subcommittee's June 6
hearing on FAA Training Programs.

The FAA's responses to your questions are enclosed. If I can
be of further assistance, please let me know.

Sincerely,


Gregory S. Walden
Chief Counsel

Enclosures
Transmitted Correspondence

cc: The Honorable Glenn Anderson

1. Has the Federal Aviation Administration (FAA) Administrator been briefed yet on the revised Flight Plan?

If so, what was his reaction to the revision?

If not, when will he be briefed?

Answer: Administrator Busey has not been briefed to date on the revised Flight Plan. Schedule permitting, he will be briefed by the end of August.

2. Please submit for the hearing record a comparison of the original and revised Flight Plan, showing the number of projects and associated costs for each of the eight major areas.

Answer: The following table provides a comparison of the number of projects and associated 5-year costs (funded from the Operations Appropriation) for each of the eight initiatives in the original and draft revised Flight Plan:

<u>INITIATIVE</u>	<u>ORIGINAL PLAN</u>		<u>DRAFT REVISED PLAN</u>	
	<u>PROJECTS</u>	<u>COST</u>	<u>PROJECTS</u>	<u>COST</u>
Office of Training	3	\$13M	3	\$9M
Recruitment	3	\$24M	3	\$19M
Academic/Industrial Ties	4	\$16M	3	\$20M
ATC Selection	1	\$9M	1	\$3M
OJT Improvements	6	\$30M	6	\$15M
Curricula Redesign	14	\$144M	12	\$74M
FAA Academy	8	\$43M	4	\$13M
Management Develop- ment (CMD)	8	\$3M	14	\$27M

3. For each of the recruitment, hiring and training accomplishments cited in FAA's prepared statement, which activities are directly attributable to Flight Plan and which were begun before Flight Plan was initiated?

Answer: Listed below are the accomplishments cited in FAA's prepared statement. The accomplishments which are attributable to

the Flight Plan and those which were initiated before the Flight Plan are indicated.

<u>ACCOMPLISHMENT</u>	<u>FLIGHT PLAN</u>	<u>PRE-FLIGHT PLAN</u>
Establish Office of Training	X	
Management of training travel funds	X	
Revise FAA training policy	X	
Hire full time recruiters	X	
Develop strategic recruitment plan	X	
Streamline air traffic controller hiring process		X
Conduct task analysis for NAS Plan equipment	X	
Establish pilot programs with Hampton and MARC	X	
Conduct training symposia	X	
Colleges with Airway Science Curricula		X
Cooperative education agreements		X
Revise air traffic control screening	X	
Implement new air traffic OJT		X
Enhance FAA Academy instructor corps	X	
Center for Management Development (CMD) Accredited		X
Review CMD Training	X	
Revamp CMD Management Curriculum	X	
Install CMD satellite downlink	X	

4. The Subcommittee understands that over half of Flight Plan's \$406 million cost will involve contract work. What is FAA doing to ensure that: (1) contract specifications contain measurable tasks and milestones, and (2) FAA's contract administration and oversight are adequate to ensure satisfactory contractor performance?

Answer: When any procurement exceeds \$5 million, a Source Evaluation Board (SEB) is convened. The SEB consists of budget, contract, legal, procurement and technical personnel at the management level. One of the SEB functions is to review the statement of work to assure that it is complete and concise. Another function is to review and approve the schedule for the delivery of the contract line items. An SEB Oversight Board is also established at the senior management level to review and approve the activities of the SEB at certain points in the procurement cycle.

For procurements under \$5 million, there are no formal procedures. However, Contracting Officers and Program Managers have received training and special instructions to ensure that contract specifications contain measurable tasks and milestones.

Each contract has a designated Contracting Officer Technical Representative (COTR) who monitors and reviews contract performance. The COTR assures that delivery is made and, if necessary, recommends corrective action to be taken to obtain the deliverable. There are also quarterly Contract Administration Reviews that track the progress, spending levels, and adherence to the delivery schedule. In addition, the Logistics Service Director is briefed quarterly on Contract Administration Reviews.

5. In your testimony (p. 81 of transcript), you said that FAA is revising the Flight Plan to better tailor it to the "financial realities in this administration." However, GAO earlier testified that FAA's draft May 9 revision only showed a decrease to \$383 million from \$406 million. Please explain what was meant by "financial realities in this administration," and why there is an apparent conflict between the FAA and GAO testimonies?

Answer: In stating that we were revising the Flight Plan to bring it more in line with our budget realities, we intended to convey the message that the plan was being modified to reflect our actual experience with implementation during the 1989 and 1990 fiscal years. Projected schedules and activities, in the revised plan, have been extended in many cases in recognition of the fact that we have been unable to fund projects at the originally planned levels.

In addition, we recognize that the federal budget is likely to be tightly constrained for the foreseeable future as part of the effort to reduce the federal deficit. Therefore, we are making a strong effort to reduce the total cost of the plan. Although we had only reduced the projected costs by approximately 5 percent in the May 9 draft referenced by GAO, we are continually looking for ways to further reduce costs before seeking final approval of the revised plan.

6. On page eight of your prepared statement, you noted that an internal review made 52 recommendations for improving FAA's process for estimating training requirements, and that FAA is working to implement the report's useful recommendations. Please provide for the record: (1) the list of recommendations considered useful, (2) a description of the process FAA went through to determine which ones were useful, and (3) the specific reasons for not including some of the 52 recommendations in the "useful" group.

Answer: As contained in an internal FAA report, entitled "The FAA Training Requirements Process", prepared by the Office of the Deputy Associate Administrator for Appraisal, dated March 21, 1990, the following recommendations were considered useful:

1. Have the Office of Training revise the Call for Training Requirements process to include a prioritization/ranking of each field request in place of the categories of training used in the current process.
2. Have the Office of Training incorporate all training requirements into the Call for Training Requirements, including a way to identify regionally arranged and conducted training.
3. Have the Office of Training request new hire data from the Services' headquarters training offices as part of the Call for Training Requirements notice.
4. Improve training automation services as part of a national software system that will meet users needs including the ability to: (1) automatically identify sequential courses and prerequisites, (2) query status of activities and extract reports, (3) transfer data to other systems, and (4) track training expenditures.
5. Establish a focal point for Service training requirements where information on both new hire and other training can be coordinated.
6. Be more directly involved in all stages of the training requirements process by: (1) providing data on new hires in

response to the Call for Training Requirements notice, (2) screening/reviewing requests in and from the regions, and (3) providing feedback to regions on the status of requests, reductions, and additions, if any, to quota.

7. Revalidate orders which establish training requirements.

8. Develop annual national priorities for training and communicate these priorities to the field for use during the call for requirements.

9. As envisioned in Draft Order 3000.6C, do more long-range strategic planning to identify hiring and training needs. This long-range planning should include development of top-down requirements.

10. Communicate long-range training plans to the FAA Academy.

11. Clarify the role of the Office of Program and Resource Management in providing training support to AXR organizations and determine whether this office should participate in the Call for Training Requirements.

12. Have APR work with AXR organizations to improve their understanding of and responses to the Call for Training Requirements.

13. Have the Director, Flight Standards Service, and Superintendent, FAA Academy, act on the recommendations of the Flight Standards Out-of-Agency Task Force Report, of May, 1989.

14. Have the FAA Academy annually publish an updated Training Catalog.

15. Have the Office of Training add specific timeframes for actions on training proposals to Draft Order 3000.6C and provide feedback on the status of training proposals as called for in this order.

16. Have the Office of Training provide planning levels to regions, the Academy, and CMD at the prior year's authorized spending level. Include guidance on a range of potential percentage funding increases.

17. Have the Academy develop a system of resource planning and management that takes into consideration the Services' long-range plans for hiring, expected technological changes, etc., as well as annual training priorities.

18. Have the Academy branch managers standardize written feedback to the Office of Training and the affected Service on any deviations from program objectives (programming conference decisions) when class schedules are loaded into CPMIS.

19. Have the Academy branches better prepare for programming conferences, including more realistic assessment of their delivery capabilities.
20. Have the Academy implement automated class scheduling.
21. Have the Academy account to Services (through the Office of Training) about how nonstudent time is spent, and the status of training proposals.
22. Have the Academy validate staffing standards ratios for classroom preparation for courses taught repeatedly.
23. In renegotiating the air traffic instructional contract, have the Academy consider a more flexible approach to air traffic instructional services.
24. Prepare for programming conferences to ensure that Service representatives understand their Services' training priorities for the upcoming fiscal year and are in a position to make decisions on needs.
25. Send representatives to programming conferences who have appropriate decision making authority.
26. Provide feedback/rationale to regions regarding decisions (especially cuts) made during programming conferences.
27. Provide better information to the Academy and the Office of Training on needs for new courses including definition of the specific outcomes desired from the course.
28. Develop a coordinated strategy (including identification of costs) that could best accommodate each individual Service's new hire training needs: e.g., staffing up to support peak training periods for peak hiring.
29. Base negotiations at programming conferences on prior year's spending levels. Then prioritize increments of additional training that should be provided if more funds become available.
30. Have the Office of Training revise Draft Order 3000.6C to clearly assign accountability for quota management.
31. Define roles and responsibilities for the Office of Training in the training requirements process and hold the Director, Office of Training accountable for these activities.
32. Have the Office of Training create standard operating procedures regarding its relationship and interactions with the Services and the Academy.

33. Task a working group to review the format, distribution, and use of CPHIS training reports and develop reports which will better suit the agency's information needs.
34. Define roles and functions of each Service's training office regarding quota management in consultation with the Office of Training.
35. With regional training officers, educate regional divisions on the training enrollment process and quota management.
36. Improve quota management and establish annual goals to reduce no shows and unused quota.
37. Have the Academy distribute a quarterly list of no shows to the appropriate member of the Administrator's Management Team showing the individual's name and organization.
38. Have the Academy revise shortfall reports to distinguish between unused quota and no shows.
39. Establish a mechanism (e.g. an action plan with the Executive Director for System Operations and the Executive Director for Regulatory Standards and Compliance) to ensure that the recommendations in this report are implemented.
40. Provide a focal point for regionally-arranged training preferably under a consolidated training office.
41. Define the role and responsibilities of regional training offices now that training travel funding is to be centrally administered.
42. Clarify administration of fenced funding to the field. If fenced funding continues beyond FY 1990, fence future funding based on an individual's organization (program element) rather than on course grouping.
43. Develop criteria for the allocation of training resources and provide feedback to the regions/centers on how/why dollars have been allocated.
44. Clarify roles and improve communications between Executive Staff and AIT-10 regarding responsibilities for the training budget.
45. Work more closely with the Office of Budget on the formulation and execution of the training budget.
46. Provide more specific budget guidance to the field for the development of regional training budget requests.

47. Ensure accounting controls and resource support are in place before switching to centralized administration of training travel funding.

48. Have the Office of Budget plan an active role in the training budget process by participating in the formulation and execution of the training budget.

49. Play a more aggressive role in supporting the development and management of training resources.

The Associate Administrator for Human Resource Management and the Director of the Aeronautical Center, were given the lead in developing a response to the appraisal report. They established a working-level team with representatives from each of the organizations involved in the training requirements process.

The working-level team determined that, of the 52 recommendations contained in the report, action had been completed on 11, action had been initiated on 23 others, and that no action had been taken on 18 recommendations. After carefully reviewing each of the recommendations, the team decided that no action should be taken on 1 of the 18 recommendations which had not been acted upon.

The working-level team developed actions, including milestones, for addressing all of the remaining 18 recommendations (21 of which action had been started, plus 15 requiring the initiation of action). The action plan prepared by the team was then reviewed and approved by each of the key Associate Administrators involved in the requirements process.

As indicated, no action was proposed on three of the report's recommendations. These recommendations and the team's rationale for non-concurrence are as follows:

1. Have the Academy overbook selected courses where shortfall has been a problem and laboratory/equipment availability is not a constraint.

RATIONALE: The implementation of recommendations 15, 16, 17, and 18 will substantially resolve the shortfall problem. The risk of violating union agreements and potential negative impact on employee/human relations are not worth the small advantage to be gained.

2. Consider a new organizational alignment that would straightline the training providers (Academy and Center for Management Development) to a consolidated headquarters training organization.

RATIONALE: The Office of Training and Higher Education was created less than two years ago as part of a major reorganization. Since that time steady and significant

improvements in the collaborative management of the agency's training program have taken place. Therefore, initiation of another major reorganization was not considered.

3. Consolidate existing training organizations (Office of Training, Office of Human Resource Development, and Senior Executive Resource Staff) into one headquarters training office responsible for meeting all of the agency's training needs.

RATIONALE: Again, reorganization was not considered because the current alignment of the Office of Training and Higher Education, the Office of Human Resource Development, and the Center for Management Development was established less than two years ago as part of a major reorganization, resulting in collaborative management of the agency's training program.

7. How far along is FAA in implementing the recommendations considered useful?

Answer: Of the 49 recommendations considered useful, action has been completed on 11, action has begun on 23, and no action has yet been taken on the remaining 15. We anticipate that action will be well underway for all accepted recommendations by January 1991.

8. In your testimony (page 109 of the transcript), you said that FAA is "moving as rapidly as it can" to accomplish three things considered critical by Congress McEwen: (1) a central office for reviewing all FAA contracts, (2) a central office for evaluating all proposed training programs, and (3) a central office for coordinating all inspector, controller and technician training. Specifically, what is FAA doing to accomplish each of these items, and when do you expect to complete your work.

Answer: The FAA has established the organizational structure that will provide the central control needed to accomplish the three functions identified by Congressman McEwen.

A new Executive Director for Acquisition has been established, reporting directly to the FAA Administrator. This Executive Directorate is empowered to speak for the Administrator on all acquisition matters, set and enforce acquisition policy, and influence logistics planning, requirements setting and the acquisition process.

The Office of Training and Higher Education has been established as the single organization in the FAA Headquarters accountable for the performance of the technical training program. This office reviews, evaluates, and approves all proposals for new training programs. In addition, the office manages the process by which requirements for the training of inspectors, controllers, and

technicians are collected, validated, and matched to the availability of resources and capacity of the internal and external institutions which provide the training.

Each of these organizations are in place and functioning. Their work is already having a positive influence on the performance of our procurement and training programs.

9. How does the FAA ensure the equitable and efficient distribution of Academy air traffic control graduates?

Answer: New controllers are hired by each of FAA's regions based upon the staffing needs of the air traffic control facilities within each region. Upon completion of the Academy Air Traffic Program, graduates are assigned by the region which hired them to facilities within that region. Assignment within a region is based on facility needs, aptitudes demonstrated by the graduates while in the Academy program and, whenever possible, the graduate's preference.

10. FAA has initiated a major effort to address human factors issues by developing a Human Factors Management Plan designed to identify the human factors and human resource needs for each of the planned FAA improvement and automation projects in the NAS Plan. I understand that many of the findings of these teams of scientific human factors research experts will address the training issues and focus on controller training. How, specifically, will the outcome of this effort be incorporated in the NAS Plan implementation?

Answer: As you point out, the FAA is substantially augmenting its human factors activities. We are nearing completion of a comprehensive "National Plan for Aviation Human Factors" in partnership with the National Aeronautics and Space Administration (NASA). The purpose of this national technical plan is three-fold: (1) to allocate our joint resources to the areas of greatest need; (2) to coordinate research programs at various government laboratories effectively; and (3) to communicate research opportunities to academic and industry "centers of excellence" in human factors as a way of involving them in the overall effort. This joint development of scientific and technical plans has involved the nation's leading experts in human factors, including representatives of all the major NASA and FAA laboratories, as well as scientists from Department of Defense and Department of Energy laboratories. The plan will provide a framework for coordination of research and development efforts already underway and will identify areas where additional work is necessary.

The objective of all of the research conducted under the plan is to identify promising new techniques for the enhancement of human

performance and to evaluate those that will be most effective. As with all research and development efforts, it is expected that some of the techniques evaluated will be more promising than others, and whether or not they are implemented into the NAS Plan will be dependent upon the research findings.

A major priority of the plan is the improvement of training in all areas of the aviation system--in flight operations, in air traffic control, and in maintenance. Many experimental approaches to training enhancement will be evaluated. At the same time, many other ways of enhancing human performance will also be explored, such as the improvement of controller workstations and procedures. The most promising of these techniques will be validated and incorporated into the NAS Plan.

11. What is the FAA's intention in regard to supporting on a large scale the Controller Awareness and Resource Training (CART) Program developed and tested at the Seattle ARTCC?

Answer: With the assistance of Seattle ARTCC personnel, the FAA Academy staff will be reviewing the Controller Awareness and Resource Training (CART) Program. The CART program was developed by the Northwest Mountain Region and is currently scheduled for review, in early September, at the FAA Academy.

The review will assess course materials, task documentation, delivery platforms, and formulate recommendations for the national implementation of CART. Recommendations from the FAA Academy review will be forwarded to the FAA Headquarters for training requirement review and tasking by the end of September.

ADDITIONS TO THE RECORD



U.S. Department of
Transportation
Office of the Secretary
of Transportation

Office of Inspector General

JUN 8 1990

U.S. House of Representatives
Committee on Public Works and Transportation
Subcommittee on Investigations and Oversight
H-2 586 House Annex Two
Washington, D.C. 20515

Attention: Mr. Vincent Fabrizio, Jr.

Dear Mr. Fabrizio:

We would like to express our appreciation to you for coordinating the necessary arrangements and information for the public hearing on Federal Aviation Administration (FAA) training programs for air traffic controllers held on June 6, 1990. The testimony and the questions and answers went quite well.

Enclosed are copies of the three documents you requested:

1. Report on Contracting for Air Traffic Controller Training at Chicago O'Hare International Airport (AV-FA-027).
2. The FAA's response to the above final report.
3. SRSA Contract Training Evaluation Memorandum prepared by FAA.

If you have any questions regarding the enclosed documents, please call me on 366-4165.

Sincerely,

Wilbur L. Daniels
Director, Office of Aviation,
Maneuver, and Research Programs

3 Enclosures

REPORT ON THE AUDIT OF CONTRACTING FOR
AIR TRAFFIC CONTROLLER TRAINING AT
CHICAGO O'HARE INTERNATIONAL AIRPORT

REPORT NUMBER: AV-FA-O-027

DATE ISSUED: March 13, 1990



U.S. Department of
Transportation

Office of the Secretary
of Transportation

Office of Inspector General

Memorandum

Subject: ACTION: Report on the Audit of Contracting for
Air Traffic Controller Training at
Chicago O'Hare International Airport
Report Number: AV-FA-0-027

Date: March 13, 1990

From: Raymond J. DeCarli *Raymond J. DeCarli*
Assistant Inspector General for Auditing

Reply to
Attn of: JA-20:366-4165

To: Federal Aviation Administrator

This is our final report on the Audit of Contracting for Air Traffic Controller Training at Chicago O'Hare International Airport. The audit was initiated as a result of allegations made concerning improprieties on the part of the Federal Aviation Administration (FAA) in a training contract. The 8(a) contract is with the Small Business Administration (SBA) and its subcontractor is Systems, Requirements, and Services Associates, Incorporated (SRSA). The allegations were received in the office of the U.S. Senator Paul Simon and forwarded to the U.S. Department of Transportation, Office of Inspector General for evaluation.

The objectives of the audit were to evaluate (i) contractor personnel qualifications and performance, (ii) the adequacy of contract specifications and requirements, and (iii) contract administration functions. Additionally, a review was made to determine if the contract was in accordance with SBA regulations. The audit was conducted at FAA Headquarters, the Chicago O'Hare facility, and SRSA Headquarters in Arlington, Virginia, between May 1989 and July 1989.

The training contract was awarded in 1986 to provide training at selected en route centers. In October 1988, FAA modified its training contract with SRSA to provide air traffic control terminal field facility training at Chicago O'Hare. FAA's justification was that contractor training would increase the number of full performance level (FPL) controllers since existing controllers must be taken from the operational workforce to become instructors.

The contractor after 10 months at Chicago O'Hare had made limited progress in assuming responsibility for specific training functions and had difficulty in certifying its staff as instructors. Between November 1988 and June 1989, there were 28 training classes conducted at Chicago O'Hare. The contractor conducted only one of those classes. All other classes were conducted or co-instructed by FAA personnel. FAA, in addition to providing its own training, provided training to contract instructors. FAA provided 1,816 hours of classroom training to 10 contract instructors between November 1988 and June 1989. Only one contract instructor completed the training requirements and was certified to conduct classroom training during this period.

The above conditions occurred because contractor personnel lacked recent controller experience at Chicago O'Hare and some had never controlled traffic at a Level V facility. Also, the contract did not (i) include a date for the contractor to assume responsibility for the training functions, (ii) limit the cost of providing training to contract instructors, (iii) limit the number of contractor personnel, or (iv) provide for the technical liaison officer (TLO) at Chicago O'Hare to review the contractor's monthly status reports or vouchers. Since Chicago O'Hare is the first terminal facility for contractor training, these problems need to be corrected before FAA exercises contract options for training at other sites. As a result of these conditions, FAA incurred approximately \$600,000 in contract costs from October 10, 1988 through July 30, 1989, while still providing its own training.

The contract was awarded in full compliance with SBA regulations. In addition, FAA has taken some action to improve internal control weaknesses over contract administration. A training conference for TLOs was held in October 1989. Also, FAA is drafting an order which will establish responsibility for performing evaluations of contractor-provided training. A copy of this report is being forwarded to the Office of Management and Budget (OMB) Circular A-123 Coordinator in FAA because of the internal control weaknesses reported. While the control weaknesses identified during the audit are considered significant enough to require corrective action, they do not meet the materiality reporting criteria established by OMB.

FAA concurred or partially concurred with most of the recommendations. The more significant corrective actions FAA plans to initiate include establishing a certification process for contract instructors, limiting the time the contractor can take to certify new instructors, establishing dates for the contractor to assume responsibility for training at each facility, and performing a survey of available personnel at each new location before awarding any future contracts or exercising options for controller training. For those recommendations where FAA partially concurred or nonconcurred, we have summarized their position in the Management Response section of the report.

FAA did not agree to (a) require that all contract instructors have relevant experience in a similar facility, (b) seek recoveries from the contractor for nonperformance, or (c) limit the number of contract employees authorized at each facility. We believe that the recommendations that we made regarding these matters are still valid after reviewing FAA's response. Accordingly, we request that you reconsider your position on Recommendations 1, 3(a), and 5(c). In accordance with the requirements of DOT Order 8000.1C, please advise this office within 60 days of the specific actions taken or planned for the full resolution of the finding and recommendations. A complete copy of FAA's response is in the Appendix to this report.

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I. INTRODUCTION

The audit was initiated as a result of allegations made concerning improprieties on the part of the FAA in a training contract. The 8(a) contract is with the SBA and its subcontractor is SRSA. The allegations were received in the office of the U.S. Senator Paul Simon and forwarded to the U.S. Department of Transportation, Office of Inspector General for evaluation.

A. Background

During Fiscal Year (FY) 1986, FAA was directed to restructure the air traffic staffing and increase the percentage of positions filled by air traffic controllers. Consequently, FAA needed to eliminate support positions to achieve both the personnel reductions and the redesignation of slots as air traffic controllers. FAA met the congressional mandate and OMB guidelines that personnel reductions and controller workforce increases occur simultaneously by contracting the training and automation functions at air traffic control centers (ARTCC). FAA's strategy was to eliminate these functions and re-allocate the vacancies to controller positions.

FAA issued two cost-plus-fixed-fee contracts during April 1986 under the authority of Section 8(a) of the Small Business Act. One of the contracts was awarded to SRSA.

In October 1988, FAA modified its training contract with SRSA for ARTCC training to provide air traffic control (ATC) terminal field facility training at Chicago O'Hare. FAA's justification was that contractor training would increase the number of FPL controllers since existing controllers must be taken from the operational workforce to become instructors. The contract expired on January 31, 1989. A letter contract was issued on February 1, 1989. The letter contract was for 1 year with options for 4 additional years. The estimated value over the 5-year period was \$150 million which included \$7.6 million for Chicago O'Hare and its HUB facilities. The HUB facilities receive radar approach and departure from Chicago O'Hare.

On October 1, 1989, the letter contract with SRSA was definitized at an estimated value of \$81.8 million over the 5-year period. That value included training for 11 ARTCCs and Chicago O'Hare (not separately priced) and options for the New York terminal radar approach control (TRACON). The New York TRACON option had a total estimated value of over \$4.9 million.

B. Scope of Audit

The objectives of the audit were to evaluate (i) contractor personnel qualifications and performance, (ii) the adequacy of contract specifications and requirements, and (iii) contract

administration functions. Additionally, a review was made to determine if the contract was awarded in accordance with SBA regulations.

The audit was conducted at FAA Headquarters, the Chicago O'Hare facility, and SRSA Headquarters in Arlington, Virginia, between May 1989 and July 1989. We reviewed FAA training records, contract files, and contractor status reports. Interviews were conducted with appropriate FAA officials at Headquarters and the Great Lakes Region, SRSA officials and employees at Arlington and Chicago O'Hare, and FAA managers and controllers at Chicago O'Hare. Since internal controls regarding contract administration were inadequate, certain audit tests were extended. Those tests included a review of the contractor's monthly vouchers, employment records of key FAA officials and SRSA personnel at Chicago O'Hare, and an analysis of training provided to and by SRSA. We also received audit assistance work from SBA's Office of Inspector General. The audit was performed in accordance with Government Auditing Standards as prescribed by the Comptroller General.

C. Prior Audit Coverage

The Office of Inspector General (OIG) and the General Accounting Office (GAO) have performed reviews on aspects of the training contracts. In 1986, the OIG completed an investigation of potential conflict of interest laws. The investigation found that although there were no violations of criminal law, the circumstances of the procurement, i.e., the use of the 8(a) instead of the competitive bid process, coupled with the involvement of recently retired FAA officials, contributed to, at least, the appearance of a conflict of interest. Also, the OIG issued a report, entitled, "Contracting Out the Training and Automation Functions Performed by Air Traffic Controllers (AV-FA-8-029, June 7, 1988)." The audit, in response to hotline complaints, showed that while FAA's actions to contract out training were in response to budget constraints, the contracts were not cost-effective. In accordance with an OIG recommendation, FAA performed a comprehensive cost comparison on the training contracts.

A GAO report, entitled, "FAA Training-Continued Improvements Needed in FAA's Controller Field Training Program (GAO/RCED-89-83, March 1989)," stated that (i) FAA had not evaluated contractor training at en route centers, (ii) officials at two centers were dissatisfied with contractor-provided training, and (iii) contract instructors were not up-to-date on procedures. GAO recommended that FAA evaluate contractor performance. FAA agreed and has conducted evaluations of contractor training at six ARTCCs. Another GAO report, "Aviation Safety-FAA Action Plan for Chicago O'Hare International Airport (GAO-89-114, April 1989)," reported that contractor personnel had limited experience at Chicago O'Hare.

II. FINDING AND RECOMMENDATIONS

Finding. Air Traffic Controller Contract Training at Chicago O'Hare

The contractor after 10 months at Chicago O'Hare had made limited progress in assuming responsibility for specific training functions and had difficulty in certifying its staff as instructors. Also, contract instructors receiving training from FAA instructors were charging direct labor to the contract. These conditions occurred because (i) contract instructors lacked relevant controller experience, (ii) contract specifications were not adequate and contract deliverables were not established, and (iii) personnel responsible for contract administration functions were not provided training or guidance on the oversight of the contract. Since Chicago O'Hare is the first terminal facility for contractor training, these problems need to be corrected before FAA exercises contract options for training at other sites. Also, an internal evaluation critical of contractor performance, was not forwarded to the contracting officer or other FAA officials because Chicago O'Hare officials maintained that the contractor was still in a transition period. As a result, FAA incurred approximately \$600,000 in contract costs from October 10, 1988 through July 30, 1989, while still providing its own training.

A. Discussion

The FAA Academy in Oklahoma City provides a developmental controller with the knowledge necessary to enter facility training. Terminal Facility Qualification/Certification training conducted at a facility such as Chicago O'Hare qualifies a developmental controller to attain certification on positions of operation within the facility. A developmental controller at Chicago O'Hare can either obtain qualification/certification in the control tower or TRACON. The tower option consists of classroom and on-the-job training instruction. The TRACON option includes laboratory training to prepare an individual for local radar control positions. Chicago O'Hare is a Level V ATC facility. Levels I through V are determined by an hourly traffic density factor and complexity of operations with Level V being the highest.

The contract stipulates that SRSA will conduct classroom and simulation (laboratory) training at the Chicago O'Hare TRACON and control tower, and seven HUB facilities. This includes developing, administering, and providing specific training tasks in accordance with FAA's Instructional Program Guide and training directives. The statement of work does not include on-the-job training (OJT). OJT training continues to be the responsibility of FAA. However, the contractor can conduct the OJT instructor courses. The contract has the following five tasks.

- Task A: Develop and administer classroom and laboratory training.
- Task B: Develop and administer Electronic Target Generator (ETG) problems. This entails simulating traffic situations on radar equipment in a terminal ATC facility.
- Task C: Provide ETG operator training and provide contract personnel to be operators.
- Task D: Supply a Computer Based Instruction specialist.
- Task E: Provide non-specific training related efforts.

B. Contractor Personnel Qualifications and Performance

Although SRSA hired instructors that had terminal option experience, they did not have relevant controller experience at similar facilities or recent Chicago O'Hare experience. Consequently, the instructors did not have a working knowledge of the area on which they were to provide training.

The contractor's unsolicited proposal to provide ATC terminal training for Chicago O'Hare TRACON and associated HUB facilities was dated August 10, 1988. The proposal stated that SRSA would use experienced, retired ATC personnel who were qualified as instructors, or who could be rapidly trained. Further, SRSA's proposal stated that they had an FAA-wide recruitment system that could be responsive to any need for technical support. Although the proposal cannot be upheld as a contract requirement, the contractor gave the impression that the firm was qualified to perform the training tasks. The FAA contracting officer told us that she did not expect an 8(a) firm to assume contract responsibility immediately because the 8(a) program is designed in part to develop businesses. SRSA, however, had the training contract since 1986 at 11 FAA ARTCCs.

The contract required that (i) SRSA provide instructors who were journeymen, FPL controllers in the terminal option, and (ii) instructors involved in qualification training have a working knowledge of the sectors on which they provide training. However, SRSA personnel lacked recent controller experience at Chicago O'Hare and some had never controlled traffic at a Level V facility. For example, as described below and shown in more detail in Exhibit A, five of the eight instructors hired by SRSA at the beginning of the contract period had never worked at Chicago O'Hare, and only one was in a position of controlling traffic in his last FAA-related job.

- o One was from an en route center,
- o two were from Level III facilities, and
- o two were from Level IV and V facilities.

The contract employee from the Level V facility was an automation specialist and last controlled air traffic in 1979 at a Level I facility. Four of the five instructors without Chicago O'Hare experience are no longer with SRSA (three resignations, one death). Of the three instructors with Chicago O'Hare experience, the most recent experience dated back to 1973.

As of July 1989, SRSA had nine instructors at Chicago O'Hare, five of whom have been hired since March 1989. Of those five new instructors, three had previously worked at Chicago O'Hare but only one had been there since 1986. Of the nine current SRSA instructors, only one had been in a position of controlling traffic immediately preceding his retirement from FAA.

The lack of recent experience at Chicago O'Hare or a similar facility and the turnover of contractor instructors is a contributing factor for SRSA not assuming the training functions. We believe experience is essential because of the complexity of operations at facilities like Chicago O'Hare. According to an FAA System Safety and Efficiency Review for Chicago O'Hare, the airport is one of the world's busiest with more than 2,300 flights on any given day. Chicago O'Hare is also unique by its complex runway configuration. The Chicago O'Hare TRACON is the second busiest radar control facility in the United States and controls flights at seven satellite airports.

To ensure that problems in contractor-provided training will not be repeated if FAA exercise contract options at other facilities, FAA needs to strengthen requirements over contract instructors' qualifications and experience. Also, before exercising any options, FAA needs to survey the new sites to ensure that there are available personnel with relevant controller experience.

Performance. There are four separate TRACON courses and two tower courses at Chicago O'Hare. As shown in Exhibit B between November 1988 and June 1989, there were 28 classes. A certified SRSA instructor conducted one departure class on March 27, 1989. All other classes were held with an FAA controller. In order to teach courses, the SRSA instructors must go through a three-step certification process. The first step involves attending the class as a student and passing a test. The second step involves monitoring an FAA taught class. The final step requires the SRSA instructor to teach the course with an FAA observer, usually a training specialist. The Assistant Manager for Training approves or denies certification based on remarks from the FAA observer regarding the contract instructor's performance. SRSA cannot assume training responsibility for any class until an instructor becomes certified. This certification process was agreed to by both the Chicago O'Hare facility manager and SRSA.

The purpose of the certification process was to ensure quality instruction. At the ARTCCs, support positions were eliminated and FAA employees transferred to work as contractor employees. That type of situation did not exist at Chicago O'Hare. Consequently, the contractor had to hire retired controllers that had not recently controlled air traffic at Chicago O'Hare or any other facility.

Written comments, provided by the Chicago O'Hare facility manager and the SRSA site manager in response to our conclusions, indicated that SRSA taught six departure control classes since March 27, 1989. That statement is misleading and inaccurate. Of the 28 classes, SRSA instructors (as part of the third phase of the certification process) conducted 4 classes with an FAA observer. Only one instructor passed and was approved for certification. Another instructor failed the departure class twice.

SRSA was able to certify three of its instructors for the Departure Control Laboratory, referred to as the Departure Lab, but lacked the experience to effectively teach it without an FAA full performance level controller on site. SRSA did not instruct another Departure Lab until June 1989. SRSA was also responsible for the development of lesson plans and ETG Lab scenarios for the TRACON. Chicago O'Hare did not have lesson plans for the TRACON, but did have a lesson plan for the tower. Scenarios were outdated for the Departure Lab. However, SRSA had not completed these tasks at the time of our audit in July 1989.

Events Subsequent to Audit Period. SRSA has made progress subsequent to July 30, 1989. For example, during September 1989, one instructor was certified for the tower classes and another employee was certified for TRACON classes and Departure Lab. While we recognize that progress has been made, the contract should have included reasonable timeframes. We believe that taking nearly a year to qualify instructors so they could begin assuming responsibility for training was not reasonable or cost-effective.

Increased Number of FPL Controllers. FAA's justification for the SRSA option was that contractor-provided training would increase the number of FPLs. At the time of our audit, the FPL level at the facility had increased from 60 to 65 since October 1, 1988. However, this increase cannot be directly attributable to contract training. There were seven FAA controllers involved in the training function before the contract was awarded. None of these employees permanently returned to FPL duties at Chicago O'Hare after the SRSA contract was awarded. Three remained with the training function, three transferred to supervisory or staff positions and one transferred out of the facility. The increase may be the result of the new pay incentive program at Chicago

O'Hare which, according to a recent GAO report (GAO/RCED-89-114) is resulting in a greater number of experienced controllers bidding on Chicago O'Hare positions. The facility has selected 24 developmental controllers which are expected to report between June 1989 and February 1990. Expected losses during the same period is 11. Considering the increased numbers of controllers bidding on these positions, the justification for contract training at Chicago O'Hare needs to be re-evaluated.

C. Contract Specifications and Requirements

FAA did not (i) establish a date for the contractor to assume responsibility for the training functions, (ii) limit the cost of providing training to contract instructors, (iii) limit the number of contractor personnel, or (iv) provide for the TLO at Chicago O'Hare to review the contractor's monthly status reports or vouchers. Further, the contract clause on recruitment restrictions requires that SRSA provide the facility manager a list of instructor nominees and their qualifications for his comments.

Lack of Delivery Dates. Modification 17, dated October 13, 1988, changed the statement of work in the original SRSA contract to include Chicago O'Hare and its HUB facilities. The modification did not specify any delivery dates for SRSA to assume the training functions. However, a Training Transition Implementation Plan was signed by the Chicago O'Hare Air Traffic Manager and SRSA Site Manager on November 25, 1988. The plan, although not an enforceable contract provision, established dates for SRSA to assume responsibility for administrative, classroom, and laboratory functions. According to the plan, administrative functions would be assumed by January 1, 1989, classroom functions by April 1, 1989, and laboratory instruction by October 1, 1989. Some administrative or Task E functions were assumed by January 1, 1989. These functions included maintaining training records, conducting facility tours, and tracking OJT instructor semiannual evaluations. However, only 11 percent of labor hours charged from February 1 through July 30, 1989 were allocated to Task E.

The classroom function was not assumed by April 1, 1989. The Air Traffic Manager contended that April 1, 1989 was only a target date and expected SRSA to assume all functions by October 1, 1989. However, no changes to the implementation plan were made in writing and FAA personnel continued to conduct classroom training. SRSA employees at Chicago O'Hare charged 25,317 hours to the contract between October 10, 1988 and July 30, 1989 at a labor-cost of over \$361,000. Total contract costs for labor, travel, equipment, overhead, and fixed fee were

approximately \$600,000. During this period, SRSA conducted one class in the TRACON with a certified instructor and did not instruct a single tower class. SRSA conducted non-specific facility classes under Task E such as the OJT instructor course. However, the purpose of the contract was to have SRSA develop and administer classroom training as well as laboratory training that is site-specific to the Chicago O'Hare.

FAA Training Contract Instructors. In addition to conducting its own training, FAA provided training to contract instructors who in turn were charging direct labor to the contract. This condition exists because the terms of the contract, as they relate to the Chicago O'Hare facility, were not specific as to what was considered to be an instructor's area of specialization. The statement of work for both the 1986 contract and the current contract contain a clause which states in part that:

" . . . area familiarization and certification training for contract instructors outside the area of specialization in which the individual worked as a controller will be at the expense of the contractor."

The phrase "area of specialization" is generally an air route traffic control center term referring to control sectors in a geographical area. Control sector is an airspace area of defined horizontal and vertical dimensions for which a controller has ATC responsibility normally within a center or approach control facility. According to FAA officials, the clause was included in the contract so FAA would not pay for training contract instructors who had not worked in the sector area(s) for which they were to instruct. However, the clause was never revised when the contract was modified for Chicago O'Hare in October 1988.

FAA provided training to contractor personnel that resigned before becoming certified to instruct any classes. For example, one instructor attended tower classes five times, then resigned. FAA also provided training to SRSA personnel who later changed assignments. For example, one instructor with primary responsibility in departure control attended a tower class and two arrival control classes taught by FAA instructors. We estimate FAA provided 1,816 hours of classroom training to 10 SRSA instructors between November 1988 and June 1989. Tower classes were given to SRSA employees even though no FAA students were scheduled to attend. Records were not available for the number of training hours provided SRSA in the TRACON Labs.

Number of Contract Personnel. Additionally, the contract did not include a clause limiting or controlling the number of contractor personnel. At the time of our review, there were 30 contractor and FAA personnel at Chicago O'Hare performing the functions

previously done by 13 FAA personnel (see Exhibit C). SRSA's internal staffing standard for Chicago O'Hare called for 18 contractor employees to assume the training function, of which 8 would be instructors. SRSA presently has a staff of nine instructors. This standard further stated that the number of instructors could be adjusted downward as the demand/workload dictates. Air Traffic officials at Chicago O'Hare believe that SRSA's staffing is acceptable because Chicago O'Hare could not staff-up to authorized levels in the past. FAA Headquarters officials stated that the number of personnel is not the issue, if the necessary number of instructor hours at a facility is achieved. FAA established a ceiling for staff hours of direct labor when the letter contract was definitized on October 1, 1989. However, we believe the number of personnel, especially instructors, is a factor that should be controlled since FAA is incurring the cost to train them. It is important to note that SRSA's staffing plan calls for two instructors for every class while FAA had only one instructor for each class.

Contract Oversight. The SRSA letter contract stated that the contracting officer's technical representative (COTR) was responsible for reviewing the bills and charges submitted by the contractor and informing the contracting officer of areas where exceptions were to be taken. Additionally, monthly progress reports prepared by the contractor were delivered directly to the COTR. The contract did not mention the TLO in this process. Consequently, the TLO had no oversight responsibility on the number of hours charged to the contract. However, FAA has recently taken action to improve TLO oversight responsibility.

The definitized contract, dated October 1, 1989, stated that, as a minimum, all invoices shall provide backup support to the summary totals on the invoices. The invoices shall contain a breakdown of labor categories/individuals rates and hours for each of the locations invoiced. In addition, the contractor's site supervisor will submit to the TLO a copy of the total hours used biweekly. The TLO will certify the data and the contractor will submit it to the COTR along with the monthly progress report.

Recruitment. The contract includes a clause which states that the contractor shall provide the FAA facility manager a list of instructor nominees and their qualifications and that the manager will provide appropriate comments, if any, to the contractor. Although the contract does not specifically provide the facility manager the authority to tell SRSA which former air traffic controllers they can hire, it was evident after our discussions with the Chicago O'Hare facility manager that he exercises considerable influence over the contractor's hiring process.

As an example of this process, when SRSA came to Chicago O'Hare during October 1988, the SRSA site manager submitted to the

facility manager for comment, a listing of seven former Chicago O'Hare air traffic controllers that they would like to consider hiring as instructors. The facility manager provided unfavorable comments on all seven of these individuals and they were subsequently not contacted for employment. When the list was submitted a second time in May 1989, the facility manager informed SRSA that four of the seven would now be acceptable. The facility manager informed us that although he did not have the authority to tell the contractor who they could hire, he made it clear he did not want three of these seven individuals in the facility. The contractor abided with the manager's request, even though there were a limited number of retired Chicago O'Hare controllers available for hire.

D. Contract Administration Functions

No official letter was issued designating TLOs or explaining their duties and functions for the SRSA contract. On February 28, 1989, FAA Headquarters sent a memorandum to each of nine Regional Air Traffic Managers advising them of the letter contracts to continue training at 22 ARTCCs and Chicago O'Hare. The memorandum merely referenced the TLO's functions and duties by citing a contract section. The TLO was not provided training or guidance on the oversight of the SRSA contract. The TLOs were usually the Assistant Manager for Training. However, at Chicago O'Hare, the Facility Manager was listed as the TLO. This added to the confusion because the technical representative at Headquarters would not discuss contract training issues with the training manager at Chicago O'Hare even though facility Notice N3000.10, FAA Involvement In Facility Training, delegated responsibility for training to the training manager.

The lack of guidance on contract oversight resulted in SRSA performing functions that were not specified under the contract. The technical representative and the facility manager permitted SRSA to participate in the screening process. That function is essentially an employment screening process given to FAA controllers seeking transfers to Chicago O'Hare. The contract states that only the contracting officer has authority to negotiate any changes in the contract's statement of work.

Contract administration functions also needed improvements in the area of evaluating contractor performance. A full facility evaluation was conducted at Chicago O'Hare by the Office of Air Traffic Evaluations and Analysis between January 23, and January 27, 1989. In the area of training, 44 items were evaluated and 32 were found to be in compliance. The 12 areas not in compliance, except for the lack of lesson plans for the TRACON, generally related to administrative areas or Task E requirements of the contract. Among the problems in the Task E area were discrepancies in training and proficiency records, and

tracking reports for qualification training and OJT time. These items were similar to those pointed out by the Chicago O'Hare training manager in his evaluation of SRSA conducted during May 1989. The facility manager advised us that he did not forward the evaluation to the region or FAA Headquarters because he was still reviewing it and had not received SRSA comments. The training manager was removed from performing TLO responsibilities and has since transferred to another facility. From our limited review in this area, we have concluded that SRSA had problems in assuming some Task E functions. SRSA's response was that many of the noted deficiencies were in existence before SRSA became involved, and it would take more than a few months to correct them, if correctable at all. SRSA did, however, satisfactorily assume some functions such as administering the flight familiarization program, conducting facility tours, and preparing crew briefings on facility matters.

FAA has recently taken steps to improve contract administration problems. A new Headquarters technical representative was designated on August 1, 1989. A TLO training conference was held during October 1989. This training was intended to assist the TLOs in administering the contract. Also, Air Traffic is currently drafting an order which will establish responsibility for performing evaluations of the training contractors.

E. Contract Awarded In Compliance With Regulations

The contract was awarded in full compliance with SBA requirements. The SBA's OIG provided us audit assistance and concluded that SRSA met the definition of a socially and economically disadvantaged firm. The firm self-marketed itself to FAA, and it is SBA's policy to award contracts to firms which successfully self-market and are qualified to perform. SBA's full report is included as Exhibit D.

Recommendations

We recommend that FAA:

1. Revise the statement of work to clarify the phrase "area familiarization and certification training" as it relates to area of specialization within the terminal option. A contractor employee's area of specialization at a minimum relates to relevant experience at a similar facility.
2. Revise the statement of work to establish that area familiarization and certification training for contract instructors who have not worked in an operational position for 1 year or more at an ATC facility will be at the expense of the contractor.

3. Coordinate action with the SBA to seek recoveries from the contractor for:
 - a. Nonperformance for contract tasks in which contract employees lacked relevant experience and were unable to obtain certification as instructors within a reasonable period of time, and
 - b. costs paid for the training of SRSA employees who resigned and for those employees that took courses for which they did not receive certification.
4. Before awarding any future contracts or exercising options for controller training, conduct a survey for each new location to determine that there are available personnel with relevant controller experience.
5. Modify the training contracts to include the following terms and conditions before any future options are exercised:
 - a. Establish and specify a date for which the contractor will assume full responsibility for the training functions.
 - b. Establish the certification process for contract instructors.
 - c. Require the COTR to consult with the training manager and facility manager at each location to establish a limit on the number of contract employees authorized at each facility.
 - d. Eliminate the requirement that the contractor must provide the facility manager a list of instructor nominees.
6. Improve contract administration by:
 - a. Providing detailed instructions to the COTR and TLOs on their duties, responsibilities, and authority.
 - b. Conducting evaluations of contractor performance 3 to 6 months after contract options are exercised and yearly thereafter.

Management Response

FAA concurred or partially concurred with most of the recommendations. Corrective actions planned by FAA before awarding any future contracts or exercising options for controller training include (i) performing a survey of available personnel at each

new location, (ii) establishing a schedule for the contractor to assume responsibility for training, (iii) establishing a certification process for contract instructors and, (iv) requiring evaluations of contractor performance 3 to 6 months after options are exercised. Also, FAA has taken action to improve contract administration and plans to issue an order on contract responsibilities.

Summarized below are those responses where FAA partially concurred or nonconcurred with our recommendations.

Recommendation 1: FAA partially concurred stating that the phrase "area familiarization and certification training" will be clarified for the terminal option. FAA, however, added that the requirement for all instructors to have relevant experience in a similar facility is not necessary. Further, FAA stated that the term relevant experience is vague and open for debate.

Recommendation 2: FAA partially concurred and stated that there may be individuals who last worked operational positions more than 1 year ago who would be better instructors than someone who very recently worked operational positions. However, FAA also stated that it plans on limiting the amount of time that the contractor can take to certify new instructors. Costs for training beyond that time would be at the expense of the contractor. Specific details and time parameters are now being drafted.

Recommendations 3a and 3b: FAA partially concurred and stated that the contract did not define the parameters of relevant experience. Also, the contract had no milestones or schedules that required the contractor to have instructors certified within a certain period of time. FAA said that although it does not believe it is appropriate to seek recoveries, it is drafting time limitations and procedures for instructor training and certification.

Recommendation 5c: FAA nonconcurred and stated that in lieu of establishing a limit on the number of contract employees at each facility, the preferred contractual method is to limit the number of hours assigned to each facility. FAA also stated that it realizes that without a specific limit on the number of instructors at each facility it is incurring costs to train each instructor. However, most of the instructors are retired FAA controllers and FAA expects that many of these individuals will only consider part-time work. Further, FAA said it did not agree that the OIG's recommended solution was practical based on the nature of the contract.

Recommendation 5d: FAA nonconcurred and stated that it realizes it cannot unduly restrict the ability of the contractor to hire instructors. The contract provides the opportunity to comment on prospective contract instructors and is the only means available for FAA to advise the contractor on an individual who could pose a potential impediment to the work environment. FAA said that an individual with a prior history of proven sexual discrimination would be a risk in a training-type situation. Therefore, it is in FAA's best interest that it retain the ability to provide comments on any prospective instructor.

Auditor Comments

The corrective actions proposed by FAA are generally responsive to our recommendations and should significantly improve controls over the contract. FAA concurred or partially concurred with most of the recommendations. Summarized below is our position on those recommendations where FAA partially concurred or nonconcurred.

Recommendation 1: In our opinion, FAA agrees with the recommendation with the exception of a requirement that all instructors have relevant experience in a similar facility. We disagree with FAA's position that the term relevant experience is vague and open to debate and, that relevant experience in a similar facility is not necessary. However, we recognize that in rare cases a controller from a lower density facility may effectively teach basic aircraft characteristics. Accordingly, if FAA advises us in its response to the final report and agrees that a majority of the contract instructors must have experience at a similar facility, the intent of the recommendation would be satisfied.

Recommendation 2: FAA's basic disagreement is with the recommended requirement that the contractor only hire individuals who last worked operational positions within the last year. FAA's plan on limiting the amount of time that the contractor can take to certify new instructors is a important commitment and we are closing the recommendation.

Recommendation 3(a): We believe it is appropriate to seek recoveries for nonperformance. The contractor was paid for training functions which were not performed, when in fact only one class was conducted by the contractor. The Government can seek recovery for nonperformance of contract tasks in which the contractor was paid but provided limited or no service, even though the contract does not contain parameters or milestones.

Recommendation 3(b): We agree with FAA's position. The terms of the contract may very well prohibit seeking recoveries for costs paid for training contract instructors who resigned. Therefore,

we are closing this recommendation. However, FAA should consider modifying the contract to prevent such abuses from occurring in the future.

Recommendation 5c: We agree that by limiting the number of hours at each facility, controls over contract expenses would be improved. FAA recognizes it will incur costs (direct and indirect) to train each instructor. We do not believe FAA's position is cost efficient or based upon actual circumstances. For example, our records indicate that contract instructors generally worked and/or were paid for 40 hours a week. Accordingly, we believe our finding and recommendation is still valid.

Recommendation 5d: We agree that FAA cannot unduly restrict the hiring process of the contractor. We also recognize that the contract only allows the opportunity for the facility manager to comment on prospective contractor employees. We agree this process may help FAA maintain an effective working environment. Accordingly, we are closing this recommendation. However, in the case at Chicago O'Hare, that the contractor believed approval had to be obtained from the facility manager before contacting prospective instructors. Therefore, we encourage FAA to monitor the affect of this contract clause through its contract evaluation process.

EXHIBIT A

CONTRACT INSTRUCTORS EXPERIENCE

<u>SRSA Instructor</u>	<u>SRSA Employment Date</u>	<u>Date Last Employed at Chicago O'Hare as Controller</u>	<u>Last FAA-Related Job</u>
A*	10/17/88	--	1986 - Plans & procedures specialist, Chicago ARTCC (rehired annuitant)
B	11/07/88	1973	1988 - Instructor, University of Oklahoma
C*	11/07/88	--	1988 - Automation Specialist, Minneapolis, MN (Level V)
D*	11/21/88	--	1986 - Facility Manager, Milwaukee, WI (Level IV)
E	11/21/88	1965	1988 - Training Specialist-Grand Rapids, MI (Level III)
f	12/01/88	1973	1988 - FAA Controller, Houston, TX (Level V) (periodically detailed to Chicago O'Hare 1981-1986)
g	01/03/89	--	1988 - Area Supervisor, Rockford, IL (Level III)
h*	01/03/89	--	1984 - Quality assurance/training specialist-Moline, IL (Level iii)
I	03/06/89	--	1989 - Instructor, University of Oklahoma,
J	04/10/89	--	1986 - Airport layout Specialist, Great Lakes Region
K	06/05/89	1986	1986 - Team Supervisor, Chicago O'Hare
L	06/26/89	1966	1984 - Facility Manager, Duluth, MN (Level II)
M	07/10/89	Late 60s	Tower Chief, Traverse City, MI (Level I)

*No longer employed by SRSA

EXHIBIT B

NUMBER OF CLASSES TAUGHT FROM NOVEMBER 1988 - JUNE 1989

<u>Type Of Class</u>	<u>Since November 1988</u>	<u>Classes Taught By SRSA Instructors</u>	
		<u>PER OIG</u>	<u>PER SRSA*</u>
(TRACON)			
Departure	5	1	6
North Satellite	4	0	
South Satellite	2	0	
Arrival	6	0	
	---	---	---
SUBTOTAL	17	1	6
(TOWER)			
Flight Data/Clearance			
Delivery/Ground Control	6	0	1
Local Control	5	0	
	---	---	---
	11	0	1
TOTALS	28	1	7
	----	---	---

*NOTE: One departure class was taught by a certified SRSA instructor. However, three departure classes SRSA claims it instructed were not within our audit period. The tower class was also part of the certification process. The SRSA instructor did not pass and was not certified.

NUMBER OF PERSONNEL
ASSIGNED TO TRAINING
FUNCTIONS

FAA Personnel -----	October 1988 -----	July 1989 -----
Training managers	2	1
Specialists	5	2
Air Traffic Assistants	6	5
	---	---
	13	8
 SRSA Personnel -----		
Site Manager		1
Instructors		9
CBI Specialist		1
Training Assistant		9
Administrative		2
	---	---
		22

Total	13	30
	----	----



U.S. Small Business Administration
Washington, D.C. 20416

EXHIBIT D
(3 pages)

OFFICE OF THE
INSPECTOR GENERAL

JUL 7 1989

Mr. Raymond J. DeCarli
Assistant Inspector General for Auditing
U.S. Department of Transportation
400 Seventh Street SW
Washington, D.C. 20590

Dear Mr. DeCarli:

Your letter of May 16, 1989 described allegations of improprieties pertaining to Systems Requirements and Services Associates, Inc. (SRSA) and Washington Consulting Group Inc. (WCG). We met with Wilbur Daniels and staff on June 1, 1989 and briefed them on the results of our inquiry. The meeting was beneficial and raised additional areas that will be responded to in this letter, as well as those areas initially requested.

Generally, we concluded that these firms were in compliance with the SBA 8(a) regulations for those areas identified in your letter. The following is our response to those issues:

- (i) Both firms met the regulatory definition of socially and economically disadvantaged. The disadvantaged owner of SRSA was born in Puerto Rico and the disadvantaged owner of WCG was born in Cuba. They met the definition of socially disadvantaged because they were members of a designated group (Hispanic American) as identified in Title 13, Code of Federal Regulations (13 CFR). Their economic disadvantage was determined in accordance with the applicable regulatory criteria found in 13 CFR, 124.106 and included personal financial condition, business financial condition, and access to credit and capital.
- (ii) We did not evaluate the adequacy of the overall certification process. However, SBA obtained the required information for these applicants and evaluated it in accordance with the criteria in effect at the time of 8(a) certification. Furthermore, these determinations were supported by information contained in the business plan files of SRSA and WCG.

- (iii) In the SBA Washington District Office there were no other firms eligible to perform the contracts in question. There might have been eligible firms in the entire 8(a) portfolio but since these two contracts were "self-marketed" no other firms were considered. A contract is self-marketed when a contractor identifies a requirement and through its own marketing efforts causes the procuring agency to offer that requirement to the 8(a) program on its behalf. It is SBA policy to award contracts to firms that successfully self-market and are qualified to perform.

If these contracts had not been self-marketed, then they would have been available to any firm in the SBA portfolio that was qualified to perform the contract's requirements.

The last issue raised in your letter pertained to the status of these firms as small business enterprises. Based on the information on file (including WCG's January 31, 1988 financial statement and SRSA's December 31, 1988 financial statements), both firms met the definition of a small business. The determination of small business size status is either based upon a firm's average annual gross revenue for the last three fiscal years or the number of employees. An 8(a) firm's initial qualification as a small business is based upon their primary standard industrial classification (SIC). These firms can also have one or more secondary SIC codes in related business areas. In any event, an 8(a) contractor may only receive 8(a) contract awards in either its approved primary or secondary SIC code(s). The firm must certify for each contract award that it is a small business concern and SBA will subsequently verify this certification. The size status of a concern is determined as of the date it submits a bid or offer for a particular requirement. Should the 8(a) concern subsequently exceed the size standard for a previously awarded contract, they would be allowed to complete the contract but no further awards would be made in SIC codes that they exceed. It is not unusual for 8(a) concerns to grow out of one SIC code and into one with a higher dollar threshold. SRSA and WCG have both changed SIC code thresholds to maintain their small business status.

There appears, however, to be inconsistent use of SIC codes for the FAA contracts. The contracts have been classified under different SIC codes by the FAA contracting officer even though the requirements are similar. As discussed, your office will review this issue.

Exhibit C

During our meeting of June 1, two additional issues were raised. One pertained to the extent of nonminority ownership in SRSA and WCG. The other pertained to competition among 8(a) firms for contract awards and whether the letter contracts signed on January 31, 1989 circumvented impending regulatory changes.

We concluded that SRSA was 100% minority owned but WCG had 49% nonminority ownership. Such nonminority ownership is generally permitted since majority control is still vested with the approved disadvantaged owner. We are attaching for your consideration the names of the nonminority owners since they may be of significance to your review.

Public Law 100-656, enacted November 15, 1988, made significant reforms in the 8(a) program; however, the dates of implementation were staggered according to various sections in the law. Section 303(b) pertained to competition among 8(a) firms for the larger dollar value contracts but this section does not take effect until September 30, 1989. Therefore, it would not appear that the above mentioned letter contracts were issued to circumvent the impending regulatory change.

Should you have any questions regarding this letter or need further clarification, please contact Peter L. McClintock, Deputy Assistant Inspector General for Audit Operations, on 235-8743.

Sincerely,

Peter L. McClintock

for Steven A. Switzer
Assisting Inspector General
for Auditing



U.S. Department
of Transportation
Federal Aviation
Administration

Memorandum

Subject: INFORMATION: OIG Draft Report on Audit
of Contracting for Air Traffic Controller
Training at Chicago O'Hare International
Airport, FAA

Date: March 2, 1990

From: Administrator

Reply to
Attn of:

To: Assistant Inspector General for Auditing

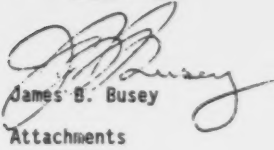
As requested by your December 7, 1989, memorandum, I have reviewed the subject Office of Inspector General (OIG) draft report and have the following comments.

The report states that the contractor, after 10 months at Chicago O'Hare, had made limited progress in assuming responsibility for specific training functions and had difficulty in certifying its staff as instructors. Also, contract instructors receiving training from Federal Aviation Administration (FAA) instructors were charging direct labor to the contract. The OIG believes these conditions occurred because: (1) contractor instructors lacked relevant controller experience; (2) contract specifications were not adequate and contract deliverables were not established; and (3) personnel responsible for contract administration functions were not provided training or guidance on the oversight of the contract. The OIG believes that since Chicago O'Hare is the first terminal facility for contractor training, these problems need to be corrected before FAA exercises contract options for training at other sites. In addition, the OIG found that an internal evaluation critical of contractor performance was not forwarded to the contracting officer or other FAA officials because Chicago O'Hare officials maintained that the contractor was still in a transition period. As a result, the report states that FAA incurred over \$617,000 in contract costs from October 1988 through July 1989, while still providing its own training.

The report contains six recommendations, some of which have subrecommendations for a total of ten, relative to contracting for air traffic controller training at Chicago O'Hare. I generally concur with five and partially concur with three of the recommendations, and corrective action is underway. I nonconcur with the remaining two.

My specific position on each OIG recommendation and an explanation of the finding are contained in attachment 1. Attachment 2 includes additional comments which pertain to discrepancies contained in the report.

I appreciate the opportunity to comment on your draft report and request that a copy of these comments be included in any final report that you issue.


James B. Busey
Attachments

FAA Position on OIG Recommendations Included in
OIG Draft Report on the Audit of
Contracting For Air Traffic Controller Training
At Chicago O'Hare International Airport, FAA

FINDING - AIR TRAFFIC CONTROLLER (ATC) CONTRACT TRAINING AT CHICAGO O'HARE

The Office of Inspector General (OIG) report states that the contractor, after 10 months at Chicago O'Hare, had made limited progress in assuming responsibility for specific training functions and had difficulty in certifying its staff as instructors. Also, contract instructors receiving training from Federal Aviation Administration (FAA) instructors were charging direct labor to the contract. The OIG believes these conditions occurred because: (1) contractor instructors lacked relevant controller experience; (2) contract specifications were not adequate and contract deliverables were not established; and (3) personnel responsible for contract administration functions were not provided training or guidance on the oversight of the contract. The OIG believes that since Chicago O'Hare is the first terminal facility for contractor training, these problems need to be corrected before FAA exercises contract options for training at other sites. In addition, the OIG found that an internal evaluation critical of contractor performance was not forwarded to the contracting officer or other FAA officials because Chicago O'Hare officials maintained that the contractor was still in a transition period. As a result, the report states that FAA incurred over \$617,000 in contract costs from October 1988 through July 1989, while still providing its own training.

1. OIG Recommendation. Revise the statement of work to clarify the phrase "area familiarization and certification training" as it relates to area of specification within the terminal option. A contractor employee's area of specialization at a minimum relates to relevant experience at a similar facility.

FAA Position. Partially concur. The phrase "area familiarization and certification training" will be clarified for the terminal option. The contract will be clarified by April 30. However, the requirement for all instructors to have "relevant experience in a similar facility" is not necessary for certain instructors. For example, a controller from a lower density facility may effectively teach basic aircraft characteristics or conduct facility crew briefings. In addition, what qualifies as "relevant" experience is vague and open for debate.

2. OIG Recommendation. Revise the statement of work to establish that area familiarization and certification training for contract instructors who have not worked in an operational position for 1 year or more at an air traffic control facility will be at the expense of the contractor.

FAA Position. Partially concur. We do not agree with the contract modification as recommended because it could be a detriment to the quality of training. The contractor may be apt to hire only individuals who last worked operational positions within the last year. There may be individuals who last worked operational positions more than 1 year ago who would provide better instruction than someone who very recently worked operational positions. We do plan on limiting the amount of time that the contractor can take to certify new instructors. Costs for training beyond that time would be at the expense of the contractor. Specific details and time parameters are now being drafted and will be included in the certification process mentioned in recommendation 5(b).

3. OIG Recommendation. Coordinate action with the Small Business Administration (SBA) to seek recoveries from the contractor for: (a) nonperformance for contract tasks in which contract employees lacked relevant experience and were unable to obtain certification as instructors within a reasonable period of time; and (b) costs paid for the training of Systems, Requirements, and Services Associates (SRSA), Incorporated, employees who resigned and for those employees who took courses for which they did not receive certification.

FAA Position. Partially concur. The contract did not define the parameters of relevant experience required for ex-air traffic controllers. In addition, there were no milestones or schedules in the contract that would have required the contractor to have instructors certified within a certain period of time. Although we do not believe it is appropriate to seek recoveries from this contract, in order to avoid the same scenario in the future, we are drafting time limitations and procedures for instructor training and certification.

4. OIG Recommendation. Before awarding any future contracts or exercising options for controller training, conduct a survey for each new location to determine that there are available personnel with relevant controller experience.

FAA Position. Concur. A survey will be performed at each new location before awarding any future contracts or exercising options for controller training.

5. OIG Recommendation. Modify the training contracts to include the following terms and conditions before any future options are exercised: (a) establish and specify a date for which the contractor will assume full responsibility for the training functions; (b) establish the certification process for contract instructors; (c) require the contracting officer's technical representative (COTR) to consult with the training manager and facility manager at each location to establish a limit on the number of contract employees authorized at each facility; and (d) eliminate the requirement that the contractor must provide the facility manager a list of instructor nominees.

FAA Position

(a) Concur. A schedule will be coordinated and the contract modified before any future terminal radar approach control (TRACON) options in the contract are exercised.

(b) Concur. A certification process will be established for contract instructors involved in qualification training. The certification process will be established and the contract modified before any future TRACON options are exercised.

(c) Nonconcur. In lieu of establishing a limit on the number of contract employees at each facility, the preferred contractual method is to limit the number of hours assigned to each facility. This method will allow the contractor to perform within a limited number of hours without the FAA dictating the number of employees. We realize that without a specific limit on the number of instructors at each facility we are incurring costs to train each instructor. However, most of the instructors are retired FAA controllers. We expect that many of these individuals will only consider part-time work. While it would be advantageous to minimize the number of contract instructors by creating all full-time positions, we do not agree that this solution is practical based on the nature of the contract.

(d) Nonconcur. We realize that the FAA cannot unduly restrict the ability of the contractor to hire instructors. However, the contract allows the opportunity for the facility manager to comment on any prospective contract instructor. This is the only means available for the FAA to advise the contractor of an individual who could pose a potential impediment to a positive, creative, working atmosphere. For example, an individual with a prior history of proven sexual discrimination would be a risk in a training-type situation. Therefore, it is in FAA's best interest that we retain the ability to provide comments on any prospective instructor.

6. OIG Recommendation. Improve contract administration by:

- (a) providing detailed instructions to the COTR and technical liaison officers (TLO) on their duties, responsibilities, and authority; and
- (b) conducting evaluations of contractor performance 3 to 6 months after contract options are exercised and yearly thereafter.

FAA Position.

(a) Concur. The Logistics Service has letters designating the COTR's responsibilities and authority, and the contractor has been provided a copy of these duties. In addition, the contract states the COTR's duties and authority.

The COTR and all TLO's, including the Acting Assistant Manager for Training (AM-T/TLO) at Chicago O'Hare, attended a 3-day course on contract administration from October 30 to November 1, 1989. Monthly telecons between FAA headquarters officials and TLO's were instituted last August. In addition, an order delineating contract responsibilities has been drafted. The order is being modified based on field input and will again be disseminated for comments by February 1.

(b) Concur. The contract calls for a yearly evaluation of contractor performance at each facility. We agree there should be a 3 to 6 month progress evaluation should the contractor assume training at other TRACON's in the future, and this modification will be made before any future TRACON options in the contract are exercised.

FAA Comments of Clarification/Editorial Nature
on OIG Draft Report on Audit of
Contracting for Air Traffic Controller Training
at Chicago O'Hare International Airport, FAA

Page 1.

Paragraph I(A) states "The contract proposal was for 1 year with options for 4 additional years." This can lead to misunderstandings if the correct terminology is not used. For example, if the term "contract proposal" refers to the letter contract, the statement should be rewritten as "the letter contract was for 1 year with options for 4 additional years." If the term "contract proposal" refers to the contractor's proposal, it should be rewritten as "The contractor's proposal was for 1 year and included costs for 4 additional years."

(a)

Page 3.

Paragraph 1 states that an internal evaluation critical of contractor performance at Chicago O'Hare was not forwarded to the contracting officer (CO). It is important to note there is no requirement for an internal evaluation to be forwarded to other FAA officials. Internal evaluations are conducted routinely at all air traffic facilities and are used solely within the facility for identifying and correcting identified deficiencies, thus terming these evaluations as "internal." The report states reasons why the evaluation was not forwarded to the CO. Rather, the facility manager should be commended for taking the initiative to identify and correct deficiencies through an internal evaluation. Although the 1986 contract did not require internal evaluations to be conducted or forwarded to any FAA official, the technical officer is responsible for notifying the CO of any significant problems or nonperformance issues.

(b)

Page 4.

The paragraph which pertains to the "Contractor Personnel Qualifications and Performance" states "The FAA contracting officer told us that she did not expect an 8(a) firm to assume contract responsibility immediately because the 8(a) program is designed in part to develop businesses." This quote was recorded improperly. The intent was that it is normal for an 8(a) firm to have a learning curve in the beginning of a contract period of performance. Also, the contractor may not always know the proper contractual/legal procedures to use when they encounter improper or unclear direction.

(c)

Page 5.

Paragraph 3 states that Chicago O'Hare is one of the world's busiest airports with more than 2,300 flights daily and a unique runway configuration. As a result, the OIG believes that experience at Chicago O'Hare or a similar facility is essential. We do not dispute the empirical data concerning Chicago O'Hare. However, the degree of experience necessary to be an instructor depends on which phase of training the individual will be instructing and their ability to teach. We agree that recent O'Hare experience is desirable for instructors; however, we would not levy this requirement only on Chicago O'Hare instructors based on airport traffic counts and statistical data. Many facilities have complex operations, and any facility could be called unique.

(d)

Page 10.

Paragraph 3 states "The technical representative and the facility manager permitted SRSA to participate in the screening process." This statement is not entirely accurate. SRSA was permitted to provide one instructor as support in administering electronic target generator (ETG) problems during the screening process. Neither this instructor nor any other SRSA personnel was involved in the pass/fail determination for students in the screening process. Without contractor support, this function would have to be performed by operational personnel thus defeating the purpose of having a contract. Furthermore, the contract allows for administering ETG problems for the screening process under Task A (administration of ETG problems).

(e)

Exhibit D, page 17.

The last paragraph states "The contracts have been classified under different SIC codes by the FAA contracting officer even though the requirements are similar." This statement is incorrect. Both contract files in the Logistics Service contain a letter from the Small Business Administration (SBA), dated December 5, 1988, that approved the use of Standard Industrial Classification (SIC) code 7379. Therefore, no inconsistency exists between the contracts. Further, while the CO may recommend the appropriate code, the final determination is made by the SBA.

(f)

OIG Comments Regarding FAA Clarification/Editorial Remarks

- (a) We have made clarifying revisions to the paragraph.
- (b) Editorial Remark: As FAA points out, the technical officer is responsible for notifying the contracting officer of any significant problems or nonperformance issues. The facility manager was the technical officer and, as we reported he did not notify the contracting officer. Accordingly, no revisions to the report were made.
- (c) The intent of the quote remains unchanged. Further, the report states the contractor had training experience at 11 FAA ARTCCs since 1986. The point that needs to be addressed is how much of a learning curve could FAA afford to give the contractor. We believe, that under the circumstances, SRSA was given more than an adequate learning curve at a time when other air traffic programs went unfunded.
- (d) FAA's clarifying comments do not address the training issues at Chicago O'Hare. The purpose of the paragraph was to point out that Chicago O'Hare is not a typical facility and in fact is unique within FAA's air traffic control system as stated in FAA's System Safety and Efficiency Review. As such, we strongly believe that contract instructors experience is an important element in being able to provide quality training. As reported, contract instructors at O'Hare last controlled traffic at smaller facilities which did not prepare them for their contract responsibilities at Chicago O'Hare.
- (e) We believe the statement is accurate and, according to the contract specialist, screening was not part of any Task. Task A does not address screening. Task A requires the contractor to develop and administer classroom and simulation training as required by the Instructional Program Guides (IPG). The Terminal IPG does not reference the screening function. The issue we are trying to point-out is the contractor was hired to conduct training and if the facility manager wanted to use that resource for other purposes the contracting officer is the only person that can negotiate changes to the statement of work.
- (f) Clarifying comment by FAA. The paragraph in question was prepared by SBA's OIG. We made no changes because the statement in question is not significant with respect to the overall issues and allegations we reviewed.



U.S. Department
of Transportation
**Federal Aviation
Administration**

Memorandum

Subject INFORMATION: OIG Final Report on Audit
of Contracting for Air Traffic Controller
Training at Chicago O'Hare International
Airport

Date JUN 4 1990

From Administrator

Reply to
Attn of BFULLER:267-8947

To Assistant Inspector General for Auditing

As requested by your March 13 memorandum, I have the following comments on the subject Office of Inspector General (OIG) final report.

In response to the draft report, the OIG accepted our position on 7 of the 10 recommendations. However, the OIG has requested that the Federal Aviation Administration (FAA) reconsider its position on recommendations 1, 3(a) and 5(c). Specific information pertaining to the subject recommendations is stated below.

Recommendation 1 concerns revising the statement of work to clarify the phrase "area familiarization and certification training" as it relates to the terminal option. The recommendation also states that a contractor employee's area of specialization at a minimum relates to relevant experience at a similar facility. In this regard, we continue to concur partially. The phrase has been clarified for the terminal option through contract modification number 7, dated February 1. In addition, the FAA agrees that a majority of contract instructors must have experience at a similar facility and plans to modify the contract by June 1 to reflect this requirement.

Recommendation 3(a) requests that the FAA coordinate action with the Small Business Administration (SBA) to seek recoveries from the contractor for nonperformance of contract tasks in which contract employees lacked relevant experience and were unable to obtain certification as instructors within a reasonable period of time. After reconsidering our initial position, we continue to nonconcur. As stated in our response to the draft report, the contract did not define the parameters of relevant experience required for ex-air traffic controllers. In addition, there were no milestones or schedules in the contract that would have required the contractor to have instructors certified within a certain period of time.

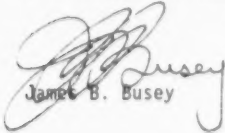
The FAA recognizes the flaws which occurred in implementing contract training at Chicago O'Hare International Airport (O'Hare). However, it is of equal importance to point out that many of the problems which occurred at O'Hare were a result of improper contract oversight on the part of the FAA at that time.

This matter has been discussed with representatives of the SBA and FAA's Office of the Chief Counsel. It is FAA's contention that since this was a cost-type contract, any attempt to seek recoveries would require proof that the contractor did not put forth its best effort at O'Hare. According to the SBA, if an investigation proved that FAA was partially responsible for the contractor's inability to train instructors and fully assume O'Hare's training, the SBA would not support seeking recoveries from the contractor. Both the SBA and the Office of the Chief Counsel agree that pursuing recoveries from the contractor would not be in the best interest of the FAA.

The FAA is actively taking the necessary measures to ensure that errors in contract administration do not occur in the future. In this regard, a modification to the contract will be issued by June 1 which will require a detailed transition plan with approved milestones before the contractor can begin training at any future terminal radar approach control (TRACON) facility. The modification will also include the minimum requirements for a transition plan.

Recommendation 5(c) requested that FAA require the contracting officer's technical representative (COTR) to consult with the training manager and facility manager at each location to establish a limit on the number of contract employees authorized at each facility. The FAA concurs. In order to avoid the same problems from occurring at any future TRACON, a coordinated effort between the Air Traffic Service and FAA management at the facility will occur in advance to limit the initial number of instructors to be trained at FAA expense within the transition period. It is the intent of the FAA to negotiate an agreement that requires costs for training additional instructors or replacing those who do not become certified to be at the expense of the contractor. Further, before starting contract training at any other TRACON, the limit on instructors will be coordinated at that time and included in the modification exercising the TRACON option.

I thank you for the opportunity to comment on your final report.



James B. Busey

MEMORANDUM

SUBJECT: SRSA Contract Training Evaluation

FROM: Walter R. Coker
Manager, Chicago-O'Hare ATCT

TO: T. Burcham
AGL-500

An evaluation of the contract training was conducted from May 11, 1989 through May 26, 1989 by the AMT and his training specialist. Items required by the subject contract and agreed upon in a jointly signed memorandum dated November 25, 1988 are the items evaluated for the first quarterly report.

The contractor, SRSA, has the following personnel on board:

Site Manager	1
Secretary	1
Administrative Assistant	1
Instructors on Board	6
Instructors Hired	
(not on board)	2
Training Assistants	9

Three instructors have resigned between January 1, 1989 and May 1, 1989 and one instructor has passed away.

We have broken the evaluation down into three classifications which encompass the Administrative functions, Classroom and ETG lab responsibilities. Items depicted herein are deficiencies noted and positive aspects where appropriate.

I. Administrative Functions.

3120 FILES

1. Facility Ratings not entered
2. Obliterated Operational Error briefing data
3. Improper line out of entries
4. No ORD EOD dates on new trainees
5. BRITE exam results entered as BRITE certification
6. Missed signatures for briefings
7. Missing signatures for certifications
8. Missing signatures for OTS evaluations
9. Missing signatures for OJT instructor evaluations
10. Start dates on positions missing

11. Hours for Certification on positions incorrect
12. Position recertifications improperly entered
13. Improper or incomplete operational error entries
14. No 30 day operational error follow up in some cases
15. Position certification dates incorrect
16. Missing OJT certification dates
17. Tower Visibility refresher improperly entered
18. OTS evaluation entered as OJTI OTS
19. No dates on IFR refresher material entered
20. Indication of FPL training on non-existent position

MONTHLY TRAINING REPORTS

1. Daily sheets received after the monthly was issued are filed with no accounting for the time.
2. No March monthlies on some individuals. No follow up apparent.
3. Monthly files on individuals who have certified or left facility still in active status.
4. Incorrect hour totals on monthlies.
5. Monthlies being sent to wrong supervisors in some cases.
6. Retaining TRACON daily training sheets after individual achieves FPL status.
7. Daily training sheets being sent out in wrong developmentals monthly.

OJT INSTRUCTOR EVALUATIONS and OTS EVALUATIONS

1. OJT Instructor forms filed with Operational error follow-ups.
2. Operational error follow-ups filed with regular OTS forms.
3. Individuals who change crews OTS, OJTI info remains with old crew file
4. Overdue OJTI
5. Overdue OTS
6. No benchmark "trigger" sent to Area Supervisors in some cases
7. Tape Talks not logged

TRACKING

1. Improper or Misspelled names
2. No middle initial in some cases
3. Tracking file not maintained in chronological order
4. Tracking reports not sent
5. Tracking reports sent late
6. Tracking reports misfiled (Tower in TRACON or visa versa)
7. No tracking method in place for tracking 15 hour per week TRACON monitoring requirement for instructors

COMPUTER DATABASE ENTRIES

1. No EODFAA entries in some cases.
2. Individuals who have left are still carried in the database.
3. Training positions incorrect.
4. No entry in some cases on Ground Cab Coordinator.
5. No FPLFAA dates entered in some cases.
6. Missing Physical dates.
7. Incorrect status of personnel (dev or FPL).
8. Missing Tape Talks and Over-the-Shoulder dates.
9. Missing start dates on training position.
10. No entries in computer for tracking staff currency on position.

II. Classroom.

LESSON PLANS

1. No Tower lesson plans completed or presented for review
2. No arrival control lesson plans completed
3. No satellite lesson plans complete
4. Departure control lesson plan complete and accepted

MONTHLY REFRESHER/PROFICIENCY TRAINING

1. Mandatory briefing items were identified with "*" with no indication as to what the "*" meant.
2. No effort to update refresher items merely copied previous years material
3. Change 7 to 7110.65E received in May and no Tower or Staff briefing items prepared. NOTE: Our staff advised them of this on May 26, 1989 since it was felt we could not allow this to continue since the change became effective on June 1, 1989.

CLASSROOM INSTRUCTION

1. SRSA has not certified any instructors in classroom for the Tower. Probable date for one instructor to be certified at the earliest will be Sept. 24, 1989. SRSA has adopted a requirement that two instructors be assigned to teach each class in both the Tower and TRACON. Based on this and the fact that the second instructor will not begin his classroom training until June 18, 1989 the projected date for SRSA assuming complete Tower classroom duties is December of 1989. This date is based on no unforeseen delays. It must be noted that no instructor assigned to the Tower program has ever controlled traffic at O'Hare.
2. SRSA has one individual certified to teach Departure Control. The second individual will go for certification for a second time in the Departure Class which began on May 26, 1989. We are required to supply an FAA fpl for this certification process.
3. SRSA has taught one Radar Qualification course and two OJTI courses.
4. They have conducted no classes in either Arrival or Satellite operation.

III. ETG Lab.

SCANARIO DEVELOPMENT

1. Scenarios are being developed for South Satellite and Departure Control.
2. Screening scenarios are being modified for Arrival ETG

lab classes.

3. At present no SRSA developed scenarios are being used or have been approved for usage.
4. October 1, 1989 has been set as the deadline for the development, testing and approval of scenarios for South Satellite, Departure and Arrival classes.

ETG LAB INSTRUCTION

1. Three SRSA instructors have successfully completed and demonstrated their ability to work 100% departure control problems. Two of these three instructed a class which began on March 26, 1989. Problems were encountered when it became evident that they were lacking in the practical experience necessary to effectively teach without an FAA fpl on site.
2. Subsequent classes have and will have an FAA fpl in the lab to monitor and assist SRSA instructors. This will result in the expenditure of 158 hours of overtime to provide this monitor by an fpl.
3. Two fpl's are presently required to instruct the last three days of the departure control lab in order to evaluate the material taught and provide site specific insight into the departure control lab. This will continue for an indeterminate amount of time.

TRAINING ASSISTANTS

SRSA has six fully certified Training Assistants (TA) who are providing exceptional support in the ETG lab. They have three additional TA's that are presently in training.

The contractor has, to date, not completely satisfied the following Task items in the statement of work section of the contract:

Task A: Develop and administer classroom and simulation training.

Task B: Develop and administer ETG problems.

Task D: Conduct computer based instruction.

The contractor has failed to demonstrate the expertise necessary to permit the exercise of eight (8) of the eighteen (18) items listed in Task E of the contract. In addition based on the deficiencies noted herein the contractor has failed to perform in a satisfactory manner the following items of Task E of the contract:

- e. Briefing packages.
- g. Over-the-shoulder evaluations and tape talks.
- j. Maintain individual training records.
- m. Manage training files and directives.
- p. Track OJT instructor competency.
- q. Submission of data to CAMI.

Walter R. Coker

SRSA EVALUATION
DEFICIENCY DOCUMENTATION

I. ADMINISTRATIVE FUNCTIONS

1. 3120 ENTRIES

- a. Facility rating not entered
Joan Nelson
Chad Loupee
- b. Obliterated Operational Error Briefing info
Ellen Jaeger
Ed Gish
Greg Gorlich
- c. Improper line out of entry errors
Rick Nemcek
Scott Peterson
- d. No O'Hare EOD dates
Brett Anderson
David Jennings
Peter Johnson
Rick Nemcek
- e. Brite examination entered as Brite certification.
Ed Cornett
- f. Missing signatures on Mandatory Briefing Entries for 1989 MBI.
We found out of a random sample of 25 that not one signature of employee was in 3120
- g. Items 7,8,9 are combined herein and grouped as missing signatures.

Jim Brabec	Jon Bremseth	Joe Cerami
D. Cunningham	Buzz Dehning	D. Dobrinich
B. Flynn	J. Granger	B. Hoffman
B. Keyes	D. King	Donna King
F. Mckenney	J. Pleskac	J. Nelson
J. Molsen	C. Quarrington	B. Richards
B. Christensen	J. Krieger	K. Markwell

This is only a sample there were many more.

- h. Start date on training position missing.

Ed Cornett - Ground Control
 Greg Ford - Ground Control
 Orvin Kennedy - Ground Control

- i. Hours for certification on position incorrect
 Warren Cooper - Recert on Ground Control
 Scott Peterson - Certification on CD
- j. Position Recertification improperly entered
 M. Behm
- k. Improper or incomplete operational error entries.
 V. Vanderlaan
 W. Spencer
- l. No 30 day follow up on operational error
 W. Spencer
- m. Position Certification shown on Local Cab Coordinator 1 year prior to Local checkout-not possible.
 W. Tracey
- n. Missing DJT certification dates
 F. McKenney
- o. Tower Visibility Refresher improperly entered
 W. Spencer M. Behm
 D. King B. Dehning
 J. Jochheim Donna King
 B. Ewart B. Scott
- p. DTS entered as DJT DTS
 C. Quarrington
- q. No dates on IFR refresher material
 B. Keyes
- r. FPL indicated as training on non-existent position.
 M. Sabutis

2. MONTHLY TRAINING REPORTS

- a. No accounting for DJT hours on Monthly report

B. Anshell	1+00	not included
C. Barth	4+00	" "
M. Blais	2+00	" "
J. Boyd	2+30	" "
D. Bouck	6+50	" "
W. Bruns	4+30	" "

P. Burke	2+30	not included
P. Gorka	1+00	" "luded
G. Gorlich	3+30	" "
J. Gratys	5+34	" "
R. Gibbons	4+15	" "
M. Gutsche	4+40	" "
M. Hyde	5+30	" "
C. Loupee	6+30	" "
D. Porter	1+49	" "
S. Sinkhorn	8+28	" "
E. Grant	4+55	" "
O. Kennedy	2+31	" "
S. Peterson	1+00	" "
T. Fitzgerald	2+00	" "
J. Fisher	1+30	" "
J. Nelson	2+30	" "
B. Tracey	+30	" "
L. Spohn	1+45	" "
B. Wishowski	1+15	" "

b. Missing Monthlies

J. Gratys	February 1989
J. Fisher	March 1989
E. Grant	March 1989
C. Barth	April 1989
M. Blais	April 1989
P. Gorka	April 1989
G. Gorlich	April 1989

c. Monthly files active on individuals who have left the facility or achieved FPL status.

F. Logullo
B. Tracey
M. Sabutis
J. Nelson
J. Carr
C. Rinehart
J. Nemec

d. Incorrect Hour totals on Monthly.

M. Blais
O. Kennedy
B. Tracey
S. Peterson

e. Monthly sent to wrong supervisor

L. Spohn

f. Retaining daily sheets after individual achieves FPL status.

M. Hyde
C. Loupee

- g. Daily sheets training sheets being sent out in wrong developmentals monthly training report.
M. Sabutis in G. Ford's monthly

3. REQUIRED EVALUATIONS

- a. OJT instructor evaluation filed with operational error file.
J. Jochheim
B. Scott
B. Tracey
- b. Operational error follow-up filed with regular OTS forms.
J. Pleskac
- c. Individuals who change crews, OTS and OJTI info remains filed with old crew.
J. Brabec
D. Weigmann
T. Arneson
K. Markwell
- d. Overdue OJTI evaluations.
B. Hoffman
J. Krieger
B. Richards
- e. Overdue OTS
B. Ewart
M. Behm
B. Norwood
J. Cerami
F. McKenney
J. Krieger
J. Jochheim
- f. No benchmark trigger sent to Area Supervisors
B. Anderson
S. Peterson
G. Ford
- g. Improper benchmark trigger sent.
S. Peterson
- h. Tape Talks not logged.
M. Behm crew done on 4-6-89

4. TRACKING

- a. Improper or Misspelled names.
E. Grant
M. Sabutis

- b. No middle initial listed on form.
 - W. Tracey
 - J. Nelson
 - S. Peterson
 - M. Sponagle
- c. Tracking file not in chronological order
 Inspection of Tower and TRACON tracking file uncovered certifications in April were after those in May.
- d. Tracking reports not sent to CAMI-
 - D. Kennedy
 - B. Anshell
 - C. Contreras
 - M. Gutsche
 - D. Porter
 - M. Egan
- e. Tracking reports sent late to CAMI.
 - M. Hyde
 - C. Barth
 - S. Peterson
 - M. Sabutis
 - O. Kennedy
 - J. Nelson
- f. Tracking reports misfiled (Tower in TRACON and TRACON in Tower)
 - M. Hyde in Tower file
 - C. Barth in Tower file.
 - M. Sponagle in Tower file.
 - J. Nelson in TRACON file.
 - G. Bahler in TRACON file.
- g. George Davis advised me that there was no tracking method devised as directed by Roddy to validate time monitoring in the TRACON.

5. COMPUTER DATABASE ENTRIES

- a. No EOD O'Hare entry
 - M. Sponagle
- b. Individuals who have left are still carried in the database.
 - E. Harrell
 - T. Miller
 - J. Stephens
 - D. Dougherty

c. Training positions incorrect.

G. Bahler
J. Granger
E. Grant
J. Nelson
M. Sabutis
W. Tracey

d. No entry on Ground Cab Coordinator.

M. Sabutis
T. Fitzgerald
P. Kramer
O. Kennedy

e. No FAA FPL dates

G. Bahler	J. Bowe
W. Cooper	C. Contreras
J. Heilmann	J. Fisher
M. Maroney	T. Fitzgerald
R. Flynn	G. Ford
E. Grant	O. Kennedy
P. Kramer	S. Sinkhorn
F. McKenney	M. Sanocki
T. Siejka	L. Spohn
P. Sutryk	W. Tracey
M. Sponagle	D. Kuhn

f. Missing Physical dates.

B. Anderson	P. Johnson
M. Carey	M. Sabutis
E. Grant	D. Porter
D. Jennings	M. Sponagle
R. Stone	D. Kuhn

g. Incorrect Status of personnel.

M. Sabutis

h. Missing TAPE TALKS and OTS.

B. Anderson	J. Boyd
G. Bahler	W. Bruns
M. Carey	E. Grant
G. Ford	E. Cornett
C. Contreras	J. Gratys
M. Gutsche	J. Heilman
O. Kennedy	R. Nemcek
S. Peterson	D. Kuhn
D. Porter	M. Sponagle

i. Missing Start Dates on Training Positions

j. Missing Operational Error numbers.

B. Matheis
J. McCoy
D. Olsen

W. Spencer
V. Vanderlaan

II. CLASSROOM

1. LESSON PLANS

- a. Flight Data (TWR) not presented.
- b. Clearance Delivery (TWR) not presented.
- c. Ground Control (TWR) not presented.
- d. Local Control developed, presented not yet approved.
- e. Arrival Control not yet presented.
- f. North Satellite not presented.
- g. Departure Control presented and approved.

2. MONTHLY REFRESHER/PROFICIENCY TRAINING

- a. Following individuals are missing MBI.

W. Cooper	89-2
M. Behm	89-1,89-2,89-3
O. Kennedy	89-2,89-3,89-4
J. Brabec	89-2,89-3
J. Cerami	89-3
D. Cunningham	89-4
R. Hillen	89-2
J. Molsen	89-4
T. Anderson	89-3
B. Karnick	89-1
M. Gutsche	89-1
D. Porter	89-1,89-2,89-3
- b. Mandatory Briefing item from April 1988 duplicated (date of return still showed 4-30-88).
- c. Mandatory Briefing item on change 7 to AD 7110.65E was sent to TRACON but not to Tower and Staff.
- d. Mandatory briefing items denoted on cover sheet with *, but * was not defined.
- e. No result feedback given to supervisors on mandatory annual visibility exam.

3. CLASSROOM INSTRUCTION

- a. One individual went for certification on Tower program and was unsuccessful in February of 1989 (see Appendix A item 1).
- b. One other individual went through FD/CD and failed the course material with a 79.5 (see

Appendix A item 2)

NOTE: These two individuals have since resigned from SRSA at O'Hare.

- c. One individual has certified in the instruction of departure control and one other has gone for certification and was unsuccessful. That same individual is presently making another attempt.
- d. One individual is scheduled to instruct for certification in the near future as soon as lesson plans are developed and approved.

III. ETG LAB

1. SCENARIO DEVELOPMENT

- a. Scenarios are in the process of being developed with a deadline of October 1, 1989 for all scenarios.

2. ETG LAB INSTRUCTION

- a. See attached FPL evaluations of lab instruction by SRSA instructors. Items noted are deficiencies noted by the FPL (Attachment A item 3)
- b. List of FPL's and ATA's who assisted and were paid overtime.

FPL's		ATA's	
D. Shuler	16 hrs	S. Murphy	14 hrs
E. Harrell	16 hrs	K. Williams	24 hrs
S. Hartwig	8 hrs	B. House	8 hrs
D. Olsen	24 hrs		
C. Loupee	8 hrs		
A. Qualiardi	32 hrs		
M. Dunne	24 hrs		
J. Holcomb	8 hrs		

GAO

United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-222217

June 6, 1990

The Honorable Samuel K. Skinner
The Secretary of Transportation

Dear Mr. Secretary:

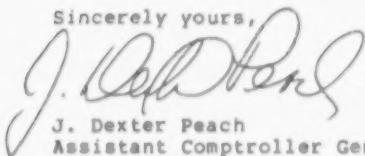
Enclosed are two copies of our testimony on the serious shortcomings in the Federal Aviation Administration's (FAA) training program. The testimony describes issues affecting FAA's ability to adequately train its safety-related work forces, and provides our views on what needs to be done to help get FAA's training modernization effort, as well as its current training, back on track. This work was done at the request of the Subcommittee on Investigations and Oversight, House Committee on Public Works and Transportation. Our testimony was presented before the Subcommittee on June 6, 1990.

Our testimony recommends that you direct the Administrator of FAA to (1) develop criteria for determining priorities for its training modernization program--Flight Plan for Training, (2) develop measurable performance standards for contracted air traffic field training instruction, and (3) clearly designate management accountability for ensuring the use of training slots.

The head of a federal agency is required by 31 U.S.C. 720 to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of this letter, and to the House and Senate Committees on Appropriations made more than 60 days after the date of this letter.

We wish to thank your staff for their assistance and cooperation in our review.

Sincerely yours,



J. Dexter Peach
Assistant Comptroller General

Enclosure



SYSTEMS,
REQUIREMENTS &
SERVICES
ASSOCIATES, INC.

Courthouse Plaza, 2200 Clarendon Boulevard, Suite 1111, Arlington, Virginia 22201

SRSA-C-10-90-005
10 January 1990

To: Neil R. Planzer, ATT-10
Executive Staff

From: Ramon A. Alvarez
President, SRSA

Subject: Response To OIG Audit Report On Contract Training
At Chicago O'Hare TRACON/Tower

In a transmittal memo for the draft report on the "Audit of Contracting for Air Traffic Controller Training at Chicago O'Hare International Airport," the Assistant Inspector General for Auditing, Mr. DeCarli, acknowledges that the IG's evaluation was in response to allegations received by Senator Paul Simon's office. Unlike most IG audits, this effort's objectives were defined rather broadly to include: (1) the adequacy of contract specifications and performance, (2) contract personnel qualifications and performance, and (3) contract administration functions.

In addition to office space and staff support, SRSA personnel at ORD as well as Arlington honored all of the IG Auditor's requests for documentation relating to the subject at hand. Yet, the information summarized in both Mr. DeCarli's memo and the draft report does not reflect the most obvious facts contained in the project documentation, which was composed of both FAA and SRSA documents. This would lead one to believe that there was a fourth objective: to validate the original allegations that prompted the audit, regardless of written documentation and interview information provided by FAA and SRSA officials. The staff work that produced this draft report lacks objectivity and the technical ATC expertise to propose and support the assumptions made. SRSA would like to provide for the record, once again, information pertinent to the investigation.

The transmittal memo's statement that "after ten months at Chicago O'Hare SRSA has made limited progress in assuming responsibility for specific training functions" cannot be supported. SRSA's performance should be considered within the context of the facility's training program status when contract training was initiated (see Attachment 1). Verifiable information regarding the status of the ORD training program at the time SRSA commenced their training effort, including the documented changes and resulting progress, was provided to the audit team. This information is conspicuously missing from their report. A snapshot of the ORD training program in October 1988 includes the following:

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SRSA-C-10-90-005
10 January 1990

- Incomplete 3120's with inaccurate entries and, in some cases, no entries for over five years,
- No prepared classroom lesson plans for either the tower or the TRACON,
- An out-of-date, incomplete and cumbersome ETG simulation training program,
- No utilization of CBI,
- A mismanaged SF-160 program, and
- A tracking system that was not providing management with complete and current data.

The dramatic improvement to the abovementioned items by August of 1989 was demonstrated to the OIG investigative team. However, they elected not to include this information in their report, but instead, chose to speak to the area of instructor experience, number of classes taught by SRSA, and the training of SRSA instructors to certification.

I would like to first address the instructor experience issue. At the onset of the contract, the ORD Air Traffic Manager (ATM) and the Assistant Manager (AATM) requested SRSA to recruit some qualified instructors with other than ORD experience; thereby bringing in new ideas, concepts, attitudes, and control techniques. FAA management and SRSA both agreed that it was desirable, but not necessary, for an Air Traffic Control (ATC) instructor to possess ORD experience. Knowledgeable personnel in the field of terminal ATC understand that the application of the procedures contained in ATP7110.65 are standard throughout the system. The only criteria discussed was that the instructor must have been an FPL in a terminal ARTS equipped facility (see Attachment 2).

Concerning the number of classes taught by SRSA in the first ten months of the contract, our records do not agree with the OIG's report (see Attachment 3). Contrary to the OIG's statement, SRSA did not agree with the methodology of requiring SRSA instructors to go through the classroom course three times to accomplish instructor certification. We strongly opposed this requirement and made our opposition known to the ATM, AATM, and Assistant Manager for Training (AMT) on numerous occasions. This requirement had not been a normal training procedure at ORD in the past, nor an FAA practice at any other facility, whether operating under a training contract or not. The imposition of this unprecedented certification process on the contractor set the stage for all future delays, and was one individual's manipulation of the entire training process. In addition to this classroom exercise delay, our instructors were required to develop their own lesson plans before they were allowed to begin the second step of the certification process.

SRSA-C-10-90-005
10 January 1990

Another aspect of the prerequisites levied against SRSA instructors involved ETG certification. SRSA was required to certify in operational areas where no ETG problems had ever been developed, or where ETG problems were not procedurally current (e.g., South Satellite, North Satellite, and arrivals). As previously mentioned, SRSA took over an antiquated, labor intensive ETG system (e.g., six training assistants were required to drive one problem) and upgraded the program. The current program developed by SRSA contains ATC problems that more accurately reflect operational traffic; problems can be conducted with fewer people; and problem development is more efficient. During the first contract year, SRSA is proud to have designed, produced, and validated ETG problems for every area of certification at ORD. However, SRSA views this as a performance milestone that should not have been put in the critical path for assuming contract instruction, since ATC instruction just prior to our contract had existed without complete or current ETG problems.

On 4 October 1988, Mr. Norbert Owens, AAT-2, was sent a draft transition plan (see Attachment 4) for the ORD training contract, outlining a complete takeover of training responsibilities thirteen weeks after contract award. SRSA sent in an evaluation team, independent of SRSA site management, to document the status of the training program at the time of transition. The product of this team's "Start Baseline Evaluation" is included as Attachment 7. Due to the state of the ORD training program at contract award, the restrictive three-phase certification process, and the generally unsuccessful interface with the ORD AMT, an amended transition plan was sent to the FAA on 9 December 1988 that extended the takeover date by twenty weeks (see Attachment 5).

It is presumptuous of the OIG to make a statement that delays in instructor certification and the provision of classroom instruction "occurred because contractor personnel lacked recent controller experience at Chicago O'Hare and some had never controlled traffic at a Level-V facility." Both the premise and the cause and effect relationship have been misconstrued. The true cause of this delay should be attributed to the ORD AMT, who continually shifted his position on training policies, training priorities, and program direction (see Attachment 1). It was not until a meeting in May 1989 (see Attachment 6) that certification was given any emphasis or support by that individual. Prior to that meeting, the AMT informed SRSA that he didn't want or expect SRSA to be certified until October 1989. It is interesting to note that this same AMT, who is now an ATM at a satellite tower, recently had a priority class that needed to be taught. When asked how he wanted the SRSA instructor certified to teach the course, he stated that "you're certified now, I'm working on a short deadline and you have enough past experience to teach it."

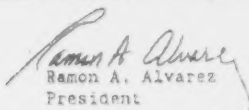
The OIG report is laced with misleading, inaccurate, and highly subjective statements. It is puzzling why the writers elected to disregard written records and interviews with both SRSA and FAA management, and instead, seemed to disproportionately weight a single FAA source. This may be related in some way to the lack of OIG staff continuity on this evaluation. Of the four OIG auditors originally working on this evaluation, only one was involved in the preparation of the draft report. The usual process of concluding an audit with

SRSA-C-10-90-005
10 January 1990

a close out interview to confirm the facts and findings was also missing from this OIG effort.

In conclusion, SRSA is a highly professional organization, qualified to perform any air traffic training task. The nature of our organization is defined by our employees, professionals working in careers chosen for a lifetime. We entered into the ORD training contract with enthusiasm, commitment, and an appreciation for the challenge it represented. I will admit that it has been a difficult task, but I feel that SRSA has met this challenge. Success in a service oriented contract can be examined and measured in many different ways. SRSA asks to be judged on the difference between the ORD training program prior to SRSA contract support and the current ORD training program.

Thank you for the opportunity to respond to the OIG audit. We trust that this matter can be put behind us. We at SRSA look forward to a continuation of the effective partnership that has been formed over the past four years.


Ramon A. Alvarez
President

1x

Attachments



SYSTEMS,
REQUIREMENTS &
SERVICES
ASSOCIATES, INC.

Courthouse Plaza, 2200 Clarendon Boulevard, Suite 1111, Arlington, Virginia 22201-3302

30 May 1990

To: Vincent Fabrizio, Jr.
House Oversight & Investigative Staff
Public Works & Transportation

From: William O. Lovett
Director, ATC Support Services
SRSA

I took the liberty of including a couple of key points that we would like to make regarding the OIG report:

1. The FAA at O'Hare refused to endorse several former O'Hare Controllers (at least 5) and asked us to hire from outside of the facility for the most part. Under the circumstances we felt that we had to comply.
2. At the time we went into O'Hare, we had already been conducting the training at eleven Air Route Traffic Control Centers since 1986. They were New York, Chicago, Cleveland, Washington, Boston, Indianapolis, Minneapolis, Salt Lake City, Denver, Seattle, and Anchorage. We had no serious problems at any of these sites in hiring and certifying SRSA instructors to take over training functions in a very short period of time.
3. The instructor certification process levied on us by the Assistant Manager for Training at O'Hare was alien to anything we had run into before. It was impractical, costly, cumbersome, and made no sense, unless the intent was to derail the contractor. We did not agree with it and we voiced our objections at the time, to no avail.
4. Another point that we feel is germane to this issue is the fact that use of contract instructors is much more cost effective for the FAA than using their own controllers to conduct training. The current pay for an FAA controller at a place like O'Hare comes to approximately \$75,000 base pay plus an additional 30% for benefits. We are paying an average of \$44,000 for contract instructors with comparatively low benefit costs to the FAA. This does not even take into account the high replacement cost for the FAA to replace a sector controller who is reassigned to training.
5. We would also like to point out the fact that since the former O'Hare training official who, for some reason, failed to support the contractor in any way during the first year of the contract, departed the facility, we have been able to establish an excellent training program at the O'Hare TRACON.

0600R

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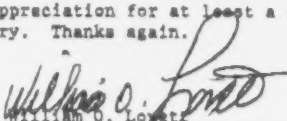
Telex 82958215 ESLUD

30 May 1990

6. Vincent, I have also forwarded a copy of a letter that we sent to the FAA in January 1990 which will give you some of the flavor of our response to the OIG's, what we consider, very unfair and subjective report.

7. I have sent these over so that we could use them as a talking point in our telcon scheduled for this evening at 3:00 pm.

I would like to express our sincerest appreciation for at least a chance to tell a little bit of our side of the story. Thanks again.


William O. Loyette
Director, ATE Support Services
SRSA

Attachment

Faxed to: 226-0922 on 30 May 1990

JUL 6 1990

Mr. Ramon A. Alvarez
Systems, Requirements, Services
and Associates, Inc.
2200 Clarendon Blvd., Suite 1111
Arlington, VA 22201

Dear Mr. Alvarez:

I am writing this letter to you concerning the Office of Inspector General (OIG) report on contract training at Chicago O'Hare. I am sure that you share our concerns about the difficulties pointed out in this report.

I am confident that the problems that existed at O'Hare during the contract phase-in period have been resolved. As you know, various personnel changes and proposed contractual changes will effectively deal with past problems and the Federal Aviation Administration management at O'Hare is now reporting satisfactory performance by your employees.

In recent congressional hearings, we were asked to request if you would show good faith and volunteer to repay some of the \$600,000 cited in the OIG report. We agreed to make that request. If you would like to discuss this matter with me personally, please feel free to call me at (202) 267-3022.

Sincerely,

Original signed by
Neil R. Planner

Neil R. Planner
Manager, Executive Staff

cc: AAT-10/ATZ-100/ALG-330/ALG-11/ACI-11/ACC-11 *quing Pined OIG*
ATZ-100.7:KWate:rg:x79233:6/29/90
Retype:ln:73022:07/06/90
wang 0635M page 51

CONCURRENCES	
RTG SYMBOL	ATZ-100.7
INITIALS/IG	KWate
DATE	6/29/90
RTG SYMBOL	ATZ-100
INITIALS/IG	BV
DATE	7/2/90
RTG SYMBOL	ACC-1
INITIALS/IG	G. Walker
DATE	6/29/90
RTG SYMBOL	ACI-1
INITIALS/IG	BLN
DATE	7/2/90
RTG SYMBOL	ALG-1
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SYSTEMS,
REQUIREMENTS &
SERVICES
ASSOCIATES, INC.

Courthouse Plaza, 2200 Clarendon Boulevard, Suite 1111, Arlington, Virginia 22201-3302

SRSA-C-10-90-111
16 July 1990

Mr. Neil Planzer
Manager, Executive Staff
Federal Aviation Administration
800 Independence Avenue, SW
Washington, DC 20591

Dear Mr. Planzer:

Systems, Requirements and Services Associates, Inc. (SRSA) has carefully reviewed your letter of July 6, 1990 and we wish to inform you that we find no technical, moral, or legal justification to entertain repayment of any of the alleged \$600,000 cited in the Office of Inspector General (OIG) report on contract training at Chicago O'Hare (ORD). I fully appreciate the circumstances that prompted the Federal Aviation Administration (FAA) to request that SRSA provide some form of contract restitution, but it must be made very clear that SRSA does not agree with the findings of the OIG's report and, therefore, have determined that your request for repayment is without merit. The lack of accuracy on the part of the OIG in identifying "about" \$600,000 of contract costs incurred by the FAA to train SRSA instructors is but another reflection of the biased and shoddy staff work performed by the OIG. I would like to mention again that the OIG team had neither Air Traffic training knowledge nor contracting experience, and for reasons unknown, ignored input from both SRSA and the Air Traffic Manager at the O'Hare facility.

Let me assure you that if I thought or had reason to believe that SRSA was in any way delinquent in our endeavor to provide contract training at ORD, I would consider your request for repayment appropriate. However, verifiable evidence reveals that SRSA performed all aspects of the contract statement of work in good faith, and provided all identified training deliverables, as required. As you well know, the alleged lack of timeliness on SRSA's part in obtaining instructor certification to provide technical training was controlled and dictated by local FAA management on-site at ORD.

When the contract began at ORD, SRSA completed an in-depth evaluation and developed a comprehensive transition plan. However, it became very clear to us, early on, that FAA management had another agenda for our work at ORD, including dictating the experience of instructor candidates, types and priority of duties to perform, and the process to certify our instructors. We voiced our objections, through the proper channels at that time, and did what we could

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SRSA-C-10-90-111
16 July 1990

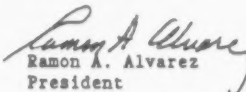
to satisfy the customer (FAA). These arbitrary actions prevented us from certifying our instructors as quickly as we had already demonstrated at our eleven other facilities under the training contract. At present, contract training at ORD has progressed very well and has proven to be a cost beneficial and efficient method of meeting the training demands of a large and complex ATC facility.

When the OIG was called in to look at training at ORD approximately ten months into the contract, we had received no complaints from any FAA facility, regional, or headquarters management officials who had oversight responsibility for the technical performance of the contractor. Our performance has always been judged satisfactory to excellent.

SRSA's response to the OIG's report is adequately contained in our letter to you dated January 10, 1990. We still believe that the FAA could have been more forceful at the June 6 hearings, and should have demonstrated their support of the contract training program which has proven to be extremely successful at ORD and in the twenty-two Air Route Traffic Control Centers (ARTCCs).

I trust that this unpleasant matter can be put behind us, and that the lessons learned will steer us towards new and improved contract efforts in the future.

Sincerely,


Ramon A. Alvarez
President

RAA/lr

Copy to William H. Pollard, AAT-1
Herbert R. McClure, AHR-1
Glenn M. Anderson, House of Representatives
Robert A. Borski, House of Representatives
Bob McEwen, House of Representatives
James M. Inhofe, House of Representatives
Kenneth Mead, U.S. General Accounting Office

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